

NOVEMBER 1987

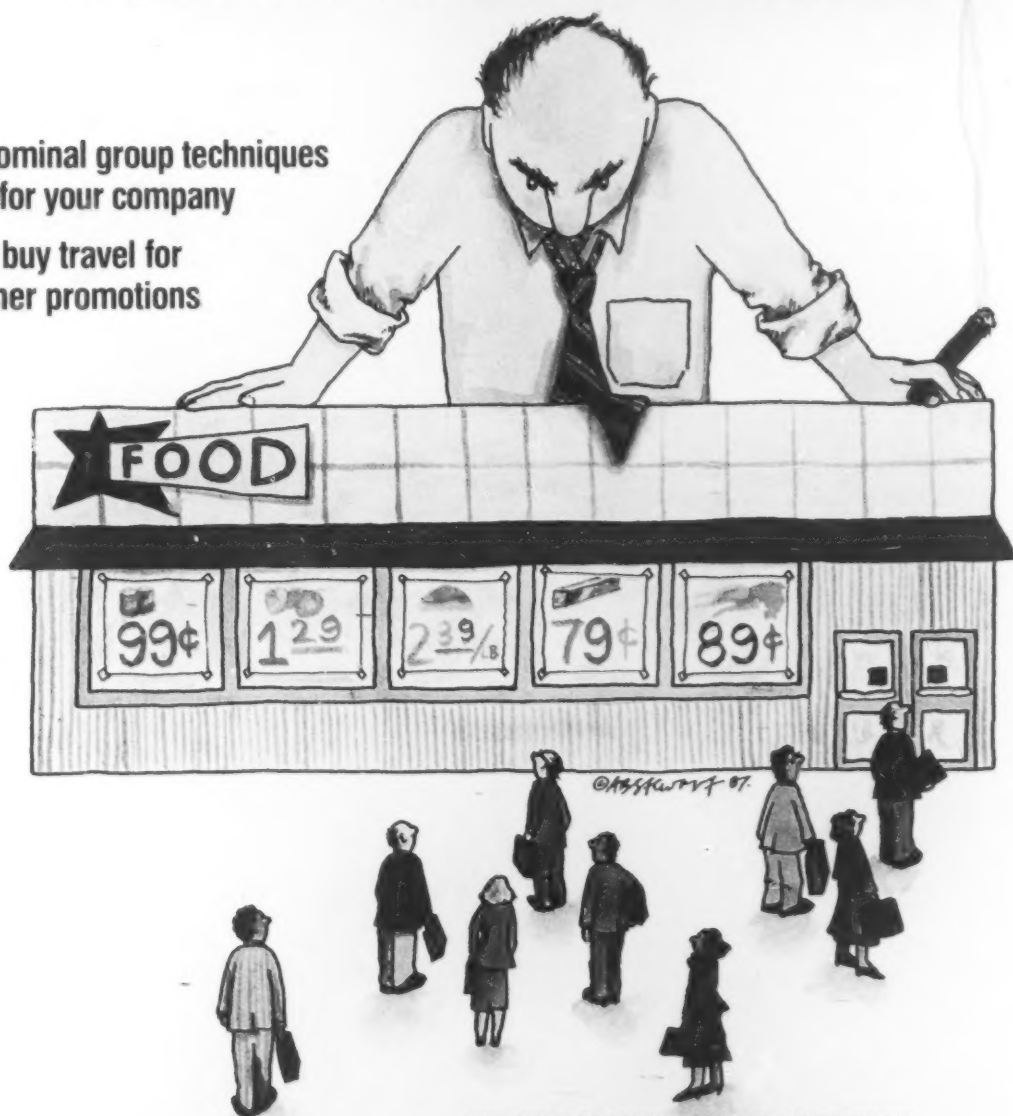
Incentive Marketing

A BILL PUBLICATION

INCORPORATING INCENTIVE TRAVEL

C1200-4A -
11/18/87

- What nominal group techniques can do for your company
- How to buy travel for consumer promotions

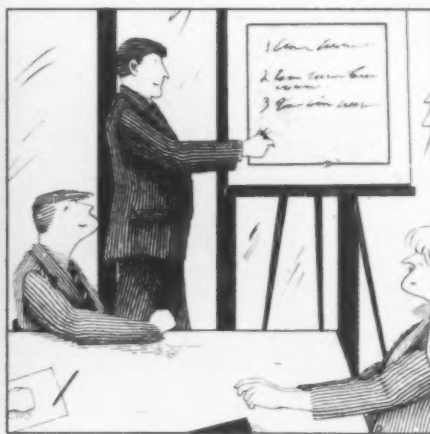


SUPERMARKET PROMOTIONS:

Who's Running the Store?



Can "Ishtar" the film disaster become "Ishtar" the video hit? See page 8.



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Travel TOPICS

*Improved air access,
more first-class hotels
and more savvy
suppliers increase the
popularity of the
Caribbean, Bahamas
and Bermuda.*

By Julie Moline



BAHAMAS TOURIST OFFICE

The Islands

The West Indies and Bermuda have been preeminent incentive destinations for practically as long as travel incentives have existed. Easily accessible to mainland United States, with reliable weather, beautiful beaches and a casual ambience, their appeal as a haven is so universal that the islands are considered a sure-fire way to motivate people.

An added plus is that the islands are all quite different historically, culturally and geographically. Some are provincial, some cosmopolitan; some are quiet, others swing to a much brisker beat.

Until recently, there have been drawbacks to the

islands. Close proximity to the United States did not guarantee convenience. It was often difficult to block large numbers of airline seats during the high season, and it was often necessary to make awkward, time-consuming connections. Some very attractive destinations lacked incentive-caliber hotels. And many local suppliers had trouble understanding the needs of the incentive market.

All three situations have changed. Most noteworthy has been the upgrading and expansion of air service. Both Eastern and American Airlines have spent millions turning San Juan, Puerto Rico, into a hub that feeds the rest of the Caribbean.

There are more daily flights to more destinations from more gateways. "More gateways means Caribbean travel is more efficient and cost effective," said Richard Ross, president of the Tri Companies, a full-service incentive house in Boston. Other airlines like TWA also have beefed up their service.

As for the hotel "shortage," the number of suitable properties on many islands has doubled in the past two years. There also has been a considerable amount of upgrading and expansion of existing hotels.

And as for service, incentive specialists report more sophistication and a keener understanding of planning and fulfillment by suppliers.

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ARUBA TOURIST BUREAU

BAHAMAS

Eastco, a Westwood, Mass.-based distributor, offers a Paradise Island incentive nearly every year. "We never have trouble psyching up our customers to qualify for the trip," said Judy Bloom, assistant to the president. "And our business is so competitive that customers have their choice of several incentive programs to shoot for, and half of our customers in each trip have been with us to Paradise Island before."

New on the Nassau hotel scene is the 750-room Crystal Palace on Cable Beach and the renovation and expansion by Divi Hotels of the Old South Ocean Beach Hotel.

Another new development is Resorts International's Club Paradise, which opened in April. Small incentive groups can block 40 rooms in the 150-room Beach Tower. Room, meals, drinks, theatre tickets, theme parties, unlimited use of water sports equipment, gaming lessons, sightseeing tours and sports clinics are all included for \$679 for three or four nights, depending on the time of arrival.

Also new is the vessel El Galleon, a 93-foot replica of an 18th-century Spanish square-rigger, which can be hired for cocktail cruises, dinner, theme parties and excursions to private islands. The owner is Luis Reynoso of Nassau.

For evening functions on terra firma, there is a new restaurant at the Nassau Beach Hotel called Frilsham House. It is a restored Bahamian home, nestled at water's edge. It serves French cuisine.

PUERTO RICO

As popular as Puerto Rico is with incentive users—it is the fourth most popular offshore destination—the island's suitability to the incentive market still surprised many incentive specialists when Puerto Rico hosted the Society of Incentive Travel Executives in June.

Two particular hits with the SITE group were cocktails at the Governor's Mansion, a spacious palace and fortress, followed by a dine-around in Old San Juan. The other was a scaled-down version of a fairly new theme event: a golf

rally held at the Hyatt Regency Cerramar Beach and Hyatt Dorado Beach resorts. Riders on 150 golf carts cruised around golf courses, with much champagne to even out the drivers' handicaps.

Another highly recommended activity is an evening at Galleria, a restored 17th-century villa. The private residence of artist Jan d'Esopo and her husband, Olympic equestrian Manuco Gandia,

COUNTRY	Shoulder season	Weather (Avg. temp.; rainy season)	U.S. gateways (Partial listing)	Largest group in one hotel
ANTIGUA	Nov.	80-85; Sept.-Oct.	New York	300
ARUBA	None	Low to mid-80's; Oct.-Jan.	Miami, New York	500
BAHAMAS	May-June, Sept.-Nov.	75; none	Atlanta, Chicago, Ft. Lauderdale, Miami, New York, Orlando, Philadelphia, W. Palm Beach	1,500
BARBADOS	June-Oct.	75-85; July-Sept.	Baltimore, Boston, Miami, New York, Washington D.C.	500
BERMUDA	Unlike other islands, Bermuda's peak season is April-Oct.; off-peak is Jan- March 15, Nov.-Dec.	Jan.: 58-67, Aug.: 85	Atlanta, Baltimore, Boston, Hartford, New York, Orlando	1,200
CAYMAN ISLANDS	April-May, Sept.-Nov.	80-85; none	Atlanta, Houston, Miami, Tampa	200
JAMAICA	May, Sept.-Oct.	85; May-Oct.	Atlanta, Baltimore, Boston, Dallas, Los Angeles, Memphis, Miami, New York, Philadelphia	750
PUERTO RICO	Easter, Memorial Day, Labor Day, Thanksgiving	80's; Sept.-Oct.	13 gateways	1,000
ST. MAARTEN	Differs among hotels	80-85; Sept.-Nov.	Dallas, Miami, New York	350
ST- MARTIN	May-June	Sept.-Oct.	Dallas, Miami, New York	300
U.S. VIRGIN ISLANDS	Oct.	82; Sept.-Oct.	Chicago, Miami, New York	500

SOURCES (IN ADDITION TO THOSE LISTED): BETTE GASKEY, ARUBA TOURISM AUTHORITY; KAREN GOLDBERG BOARD, AND JOANNE HILL, U.S.V.I. DIVISION OF TOURISM

Galleria is a three-story home on the highest hill in Old San Juan. D'Esopo, who works out the details with Travel Services Inc. of San Juan, conducts a tour of the house and grounds, shows off her

gallery and work space, and gives silk-screen and other crafts demonstrations.

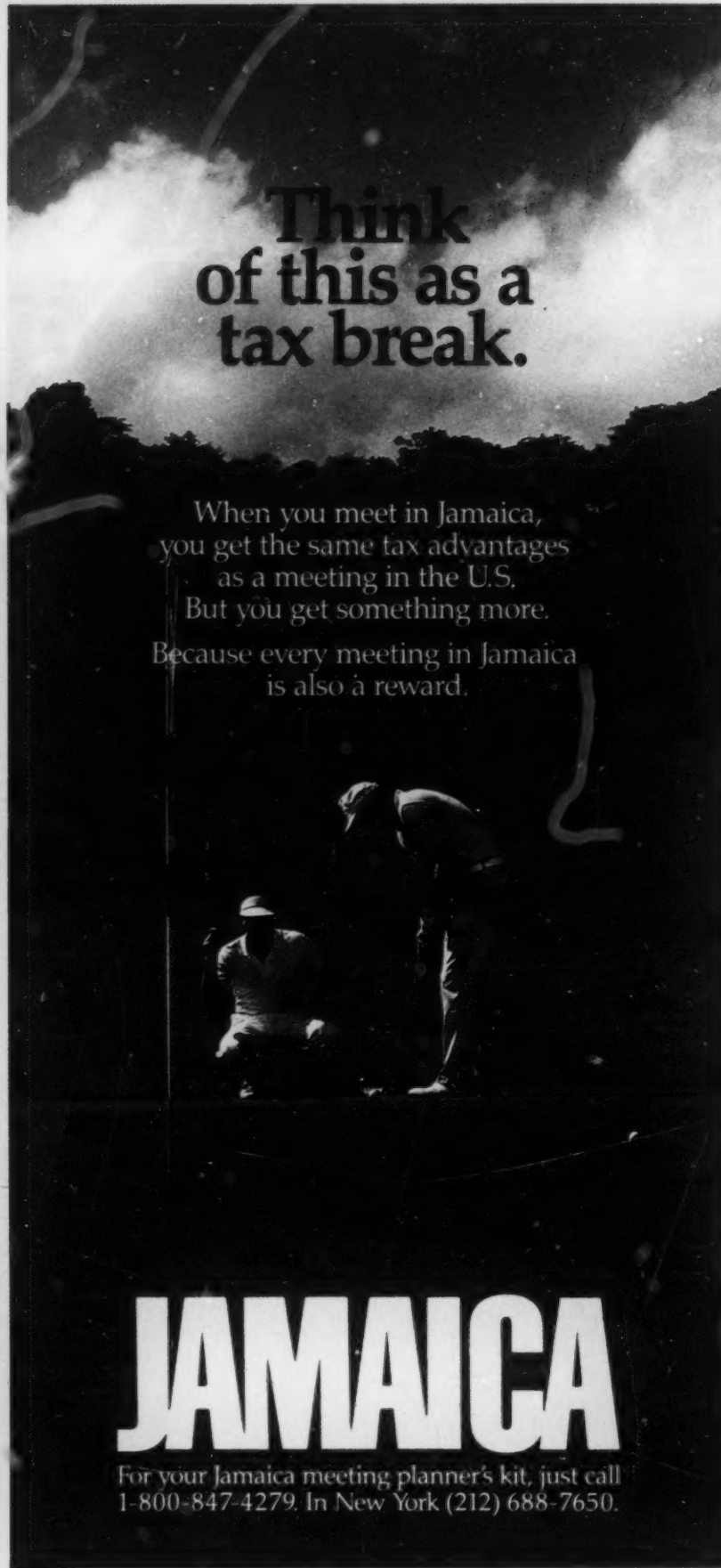
A special enhancement is a signed, numbered lithograph commissioned by the sponsoring

corporation. It can include the company's logo and/or a promotion theme.

The house is best suited for small to mid-sized functions—from as few as 12 for a sit-down

#of hotels able to handle groups over 300	New hotel rooms for incentives	Gambling	Recommended sites, things to do	Contact
1-3	1987 - 800 rooms 1988 - 300 rooms	Yes	Nelson's Dockyard (19th century British naval base), archeological tour of Carib and Arawak dwelling sites, the Archives	David Fernandez, director Antigua and Barbuda Tourist Office 610 Fifth Ave. New York, NY 10020 (212) 541-4117
6	1987 - 624 rooms 1988 - 506 rooms	Yes	Oranjestad (Dutch architecture), gold mill ruins, natural bridge of rocks, coral reef	Watti Chai, director Aruba Tourist Bureau 1270 Ave. of the Americas New York, NY 10020 (212) 246-3030 or (800) TO-ARUBA
20	1987 - 753 rooms 1988 - 1,080 rooms	Yes	Blue Lagoon day trip to an outer island via catamaran, British forts from 18th century, botanical garden with flamingos	George Suhr Bahamas Ministry of Tourism 255 Alhambra Circle, Ste. 415 Coral Gables, Fla. 33134 (305) 442-4867
6	None	No	Cruise aboard the Jolly Roger pirate ship replica, Bridgetown (17th century homes), dinner show at Barbados Museum, submarine trip	Hugh Riley, meeting & incentive coordinator Barbados Board of Tourism 800 Second Ave. New York, NY 10017 (212) 986-6516 or (800) 221-9831
8	1987 - 40 rooms 1988 - None	No	Maritime museum, Royal Navy dockyard, 17th century forts, aquarium, moped rental	Diane Carlson, manager of incentive sales Bermuda Department of Tourism 310 Madison Ave., Ste. 201 New York, NY 10017 (212) 818-9800
5	1987 - 2,000 rooms 1988 - None	No	Blackbeard's Treasure theme party, submarine trip, Turtle Farm	Alec Sanguinetti, director of international sales and marketing Cayman Islands Department of Tourism 250 Catalonia Ave., Ste. 604 Coral Gables, Fla. 33134 (305) 444-6551
6	1987 - None 1988 - 400 rooms	No	Rose Hall Great House, Dunn's River Falls, rafting on Martha Brae, plantation tours	Marcia Bullock, manager of groups and conventions/Northeast Jamaica Tourist Board 866 Second Ave. New York, NY 10017 (212) 688-7650 or (800) 223-5225/6
7	1987 - 450 rooms 1988 - None	Yes	Nearby islands of Culebra and Vieques, Old San Juan, Rio Camuy Cave Park, Bacardi rum distillery, El Yunque tropical rain forest	Maurice Arbelaez, director of incentive travel San Juan-Puerto Rico Convention Bureau 1101 15th St. N.W. Washington, D.C. (202) 457-9262
9	1987 - 231 rooms 1988 - 231 rooms	Yes	Nearby deserted islands for day sail	Gail Knopfler, director St. Maarten Tourist Office 275 Seventh Ave. New York, NY 10001-6708 (212) 989-0000
2	1987 - 409 rooms 1988 - None	Yes	Same as above	Cecile Graffin, sales promotion director French West Indies Tourist Board 610 Fifth Ave. New York, NY 10020 (212) 757-1125
24	1987 - 591 rooms 1988 - TBA	No	Underwater coral observatory, sugar mill	Rafael Jackson, regional director U.S.V.I. Division of Tourism 1270 Ave. of the Americas New York, NY 10020 (212) 582-4520

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dinner with the hosts to as many as 135 for a "wandering buffet" with tables set up in several rooms. Travel Services will assist with all catering and entertainment arrangements—anything from a classical guitarist to a group of costumed musicians playing medieval instruments to flamenco dancers.

One last point: The increased American and Eastern service, coupled with the government's preparations for the 500th anniversary of Columbus's discovery of the New World, has contributed to a hotel boom, which will nearly triple the number of first-class rooms to reach 10,000 by 1989. Most of the new properties, including a Conrad International, will cater to the incentive market, said Maurice Arbelaez, director of incentive sales for the San Juan-Puerto Rico Convention Bureau.

Also new this year is the 429-room Sands Hotel & Casino. Highlights include the largest casino on the island and an arrangement with its sister property in Atlantic City to bring in headliners.

BERMUDA

Bermuda consistently ranks in the top 10 offshore incentive destinations—and small wonder. One of the 10 richest countries in the world, there is no poverty or crime to speak of and more golf courses per capita than anywhere else.

Bermuda is an excellent introduction to foreign travel, according to Zenas Clarkson, a planner for the Exxon Company, U.S.A., in Houston. "We brought 200 dealers to Bermuda, and it was our first foreign incentive," he said. "We were quite pleased that there weren't any hassles at all—and this was a major concern. We were treated with courtesy by everyone we came in contact with, even the taxi drivers."

Clarkson was so enchanted by the whole experience that he booked Bermuda again for June 1988.

The island is best known for pink sand, mopeds, golf, tennis and terrific food. It will soon be known for a new development called the Old Royal Naval Dockyard in Hamilton. The complex includes the Bermuda Maritime

RECOMMENDED READING

Baedeker's Caribbean	Baedeker	\$14.95
Cadogan Guide Caribbean	Cadogan	12.95
Cruising Guide to the Caribbean & Bahamas	Dodd, Mead	29.95
Fielding's Bermuda and Bahamas	Fielding	7.95
Fisher's World Bermuda	Fisher	10.95
Fodor's Bahamas	Fodor	7.95
Frommer's Shopping Guide to the Caribbean	Frommer	11.95

Source: Phileas Fogg's Books and Maps for the Traveler, #87 Stanford Shopping Center, Palo Alto, Calif. 94304-1424, (800) 533-FOGG or (800) 233-FOGG in California

Museum, an excellent venue for cocktail parties, and the recently renovated Bermuda Cooperage building, a centuries-old factory that has been refashioned into an arts center. Here, local artists give daily exhibitions of Bermudian arts and crafts—woodwork, quilting, candle-making, silk-screening, etc.

JAMAICA

Jamaica offers a staggering variety of things to do, including tours of estates, like Noel Coward's Firefly, which is now a museum;

horseback riding in the Blue Mountains, and plantation balls. Among the more extraordinary activities are theme evenings at Rose Hall Great House; the Governor's Coach Tour, where guests are transported around the island in Victorian style in a private saloon car, and river rides on a 30-foot bamboo raft, followed by a climb up alongside the 600-foot Dunn's River Falls.

New for evening functions are the Gardens of Carrinosa in Ocho Rios. The 20-acre botanical garden/aviary/aquarium features 14 waterfalls and rare flowers.

ARUBA

Aruba, a Dutch colony, is distinctive in many ways, but two of the more interesting ones have to do with its location. First, it is 12 degrees north of the equator, which practically guarantees daily sunshine, and its dry, desert-like climate makes the sun and heat bearable.

Second, Aruba's proximity to Venezuela (only 20 miles) makes side trips to Caracas quite feasible. Visitors get a taste of a completely different destination: the Spanish flavor of the cosmopolitan South American capital. (A word of caution: Passports are necessary for Venezuela.)

Like most of its neighbors, Aruba is experiencing its share of hotel development: the 400-room Golden Tulip Aruba Caribbean, after a \$40 million renovation and expansion, opened last April; the Holiday Inn and Aruba Palm Beach will add approximately 200 rooms each, and a Ramada Renaissance and Hyatt Regency are in the planning stages. When all are operational, hotel space will be doubled, according to Watti Chai.

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MARRIOTT'S

SAM LORD'S CASTLE

A BARBADOS RESORT

director of the Aruba Tourism Authority.

The biggest news is De Palm Island, a reef island developed by De Palm Tours, an Aruba destination management company. The entertainment village consists of an arrivals building, built in the style of a manor house; a 300-seat dining room and theater complex; a water sports building; a bar and two party decks; a gazebo; a snorkeling pier, and an ice-cream parlor.

Groups can take over the island for theme evenings, beach barbecues, theatrical revues or just a day of rest and relaxation on an island that offers the ambience of an exclusive club. Transportation from the mainland is by catamaran, ferry, yawl or glass-bottomed boat. Guests are greeted at the terminal by an electronic sign flashing messages of welcome, fireworks and water-cannon salutes.

U.S. VIRGIN ISLANDS

The U.S. Virgin Islands have some of the most beautiful beaches in the world, according to National Geographic magazine. Shopping is promoted with a duty-free allowance of \$800, twice as much as any other Caribbean island.

There are several new world-class hotels including the Carom-bola Beach Resort & Golf Club, a new Rock Resort on St. Croix, and the 206-room Virgin Grand on St. John.

New on the creative scene is Coral World Marine Park, an underwater museum at Coki Beach on St. Thomas. Used for group functions, it is essentially an underwater observatory allowing a fish's-eye view of the clear water.

BARBADOS

Barbados offers a captivating mixture of West Indian traditions—spicy cuisine, calypso, batik—with the charming Britishisms of cricket, polo, afternoon tea and driving on the left. The island also has its share of pirate lore, taken full advantage of by properties like Marriott's Sam Lord's Castle. Sam Lord, who built the mansion on what is now Marriott turf, was rumored to be a ruthless buccaneer. Groups of 20 or more can take



Seven Mile Beach on Grand Cayman

over the property in Marriott's "Kingdom for Hire" program. For groups of 20 to 50, "Sam Lord's Treasure" includes the same activities, theme parties and perks, but the group does not have exclusive use of the property.

A new option is a voyage on the Atlantis II, a 50-foot sightseeing submarine. The vessel seats 28 passengers and dives about a mile offshore from the capital city of Bridgetown.

TURN TO PAGE 42

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The Cayman Islands are known for banks, because of the islands' tax-free status, and divers, because of its coral reefs and sunken ships.

ST. MARTIN

Half French, half Dutch, St. Martin offers two distinct cultures and ambiances, shopping, French cuisine and nightlife. The small islands of the Netherlands Antilles—St. Barts, Saba, Anguilla and St. Eustacius—are an easy ferry ride away for day trips and add-ons.

This season welcomes two new deluxe properties on the French side: the 201-room L'Habitation and 156-room La Belle Creole. L'Habitation offers a turn-of-the-century Paris ball, a nice contrast to the pirate/island fever theme parties offered everywhere else. La Belle Creole, a Conrad International Hotel, is set to open in March. It is a re-creation of a French Mediterranean fishing village, with low-rise "villas" linked by cobblestone lanes, all built around a central square. The property is five minutes from Marigot, the French capital.

ANTIGUA

Like the Cayman Islands, Antigua is a fairly new destination for incentive travel. Debuting next month, Savoy Resorts' 300-room Royal Antigua opens up the island for mid-sized groups.

Due to open early next year, the St. John's development is a water-side project with boutiques, restaurants, a casino and a cruise-ship facility.

CAYMAN ISLANDS

Up until this year, the crown colony of the Cayman Islands was known for two things: banks, because of the islands' tax-free status, and divers, because of its coral reefs and sunken ships. Now there is the 250-room Hyatt Regency Grand Cayman, the first self-contained resort in the Caymans.

Hyatt also built the islands' first

golf course, designed by Jack Nicklaus, to be played three ways: as a nine-hole, an executive 18-hole, or with a special Cayman Ball that flies only half as far as a conventional ball. Hyatt's Britannia Beach club includes an extensive aqua-sports center and a marina, where the Spirit of Ppala, a 49-person catamaran, is moored.

The 290-room Treasure Island, which opened in May and is owned by a consortium of Nashville business people and personalities including Conway Twitty, Larry Gatlin and Ronnie Milsap, has the best nightclub in the Caymans.

Also new is the Cayman Maritime Sunken Treasure Museum. ■

HOTELS

Raw beauty highlights Los Angeles Locos

Untouched jungle surrounds a steep mountain road on the west coast of Mexico. At the winding road's peak are huge palm trees, wildflowers and exotic plants. Three hundred feet below the cliff lies the Pacific Ocean. A visitor may feel as if no one else in the world exists.

The dramatic approach is a suitable introduction to the 221-room Los Angeles Locos resort. Even the most jaded incentive traveler will be awe-struck by the beauty of the all-inclusive resort, situated on Tenacatita Bay, 35 miles north of Manzanillo on Mexico's Gold Coast.

Apart from tennis, activities center around water: A freeform swimming pool with a swim-up bar, scuba diving, snorkeling and wind-surfing are all available. For the more adventurous, there is para-sailing, offering a bird's-eye view of the crashing ocean and playful schools of dolphins. Those wishing to stay closer to the ground can take a guided tour in a small motorboat up "La Vena," or "The Vein." As the low boat slowly ascends the calm, narrow channel, participants get a close view of alligators and jungle. A less daring option is a horseback ride on the beach or into the mountains.

Los Angeles Locos may not be appropriate for every group. There



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DECEMBER 1987

Incentive Marketing

A BILL PUBLICATION

INCENTIVE TRAVEL

C1200-4 A-
12/22/87

MONITORING EMPLOYEES:

**When
measurement
goes
too far**



- FACTS survey of incentive practices
- How to undo a sweepstakes snafu

- Zayre's frequent-shopper plan: Will it fly?
- Selling a cause



We give you all the facts about incentive usage. See page 49.



The employees whose good work ethic keeps companies in business. See page 32.

VIEWPOINT

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As economic pressures mount, marketers should consider value-added promotions instead of costly discounting.

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Zayre's frequent-shopper program: Will it fly? ... 8

Other major retailers aren't following Zayre's new trail.

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If a proposed modification passes, disclosure rules for games of chance will ease.

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A car dealership and its promotion agency undo a sweepstakes snafu and gain publicity.

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Most companies believe employee involvement programs work, but few do much about it, says a new government study.

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As the nation moves toward a service economy, computer and telephone monitoring of employees is increasing. But how much is too much?

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Copier maker boosts dealer loyalty through a "patriotic" incentive travel program.

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The ever-popular islands are keeping up with changing tastes through "mega resorts."

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Romantic imagery combined with practical benefits make the South Seas an attractive choice.

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*Cover illustration:
Tommy Soloski*

American business spent \$14 billion on incentive programs of all kinds last year. This represented a substantial pickup from last year's low growth, thanks to the usual strong showing of sales motivation.

FACTS

1987



In terms of results reported by marketers, this was a strong year for incentive promotion. In terms of expenditures, there was more growth than in 1986 but only so-so progress compared with other recent years.

Incentive Marketing's 1987 survey estimates total incentive volume at \$13.97 billion, about 6.3 percent ahead of last year's usage.

Consumer promotion yielded an average of 18.7 percent in sales gains, against 18.8 percent a year earlier. Users seeking retail display got more of their materials into the stores, and response to mail-in promotions was slightly better than in 1986. Spending was up 5.6 percent.

Dealer incentives brought exactly the same average sales increase as last year—18.4 percent. A preliminary survey made early in the year suggested an expansion of 6.2 percent in expenditures. The year-end tally showed some cooling of that early optimism, with final figures up just 4.5 percent. Participation was up slightly in merchandise-oriented programs, down a bit for travel offerings.

Sales incentives, which outran the rest of the field

in expansion, delivered sales gains averaging 20.9 percent, the same as in 1986 campaigns. Expenditures rose 8.6 percent.

Among the industries tabulated, industrial chemicals wrote the largest percentage increase, up 11.5 percent. The second in expansion was petroleum products, one of the 10 largest user industries, adding an estimated 10.3 percent to its incentive budget this year. Another of the leading industries showing an advance well above the average was toiletries and cosmetics, up by 9.2 percent.

Distributors and wholesalers—not listed among the top 10 as a separate industry—budgeted 10.7 percent more this year for incentives.

At the other end of the scale, the sixth-ranked automobiles and trucks industry added only 1.8 percent to last year's incentive activity. Feed, fertilizer and farm supplies and hardware reduced their incentive investment this year. Three others showed estimates up less than 2 percent over last year: banks and savings and loan associations, farm equipment, and paper products and packaging.

Sales incentives have been contributing the largest growth in the field for four consecutive

years. That is the usual case when markets are depressed, erratic or just plain uncertain. The last year of double-digit increase in total incentive use was 1984, when activity rose 13.3 percent—after three years of slow expansion. Most consumer and dealer promotion that year rose between 11 and 12 percent. But sales incentives brought the total picture up with a 199-percent advance.

This year's sales incentive estimate of an 8.6-percent rise—compared with about 5.5 percent for the rest of the field—appears to demonstrate again that marketers seek to influence their sales and profits in the most predictable and relatively controllable area. Consumer and dealer promotion have not been abandoned, of course. But there is a greater emphasis on the selling process, and motivating the sales force is an important component of that.

There is evidence too of longer-term programming in sales incentives. The greater growth this year came in travel campaigns, up 10.7

percent; merchandise programs gained 7.9 percent. Since travel promotions are, on average, much longer than those featuring only merchandise, the figures point to fairly long-range planning rather than reactions to market situations, seasonal or otherwise.

In dealer incentives, the balance swings in favor of merchandise. Merchandise offerings to the trade were up by 5.2 percent, while incentive travel campaigns rose just 3.1 percent. This reverses a trend of the previous four years, when travel was expanding more than merchandise in dealer promotion.

In consumer premiums, expenditures for product promotion rose by 6.5 percent, a slight drop from the 7.1 percent forecast by a limited group early in the year, but a big advance over last year's 1.6-percent increase. Retail promotion was up 4.2 percent, after falling off 2.3 percent last year.

Trading stamps, which have been declining in recent years, took another dive in 1987, dropping 194 percent to an estimated

\$382 million. A substantial increase in other premiums at retail—like continuity promotions and tape-redemption plans in the supermarkets—took up much of the slack, so that we have a net gain in the total. Grocery retailers, however, increased only 2.4 percent while relying on other retail fields for a 6-percent expansion to make a respectable total.

Consumer spending has been credited in the past couple of years with sustaining minor economic growth. This seems to be reflected in the slow relative growth of consumer incentives—a seeming absence of pressure for hard sell at the consumer level.

Signs of a possible tightening in consumer purses—high credit levels and a low savings rate—failed to demand a stronger push. The stock-market crash dims the outlook for consumer spending since the bull market may have been the only strong support, and consumers may tighten up. The effect on promotional spending remains to be seen. ■

THE INCENTIVE FIELD AT A GLANCE (All figures in thousands—"000" omitted)

The first and second columns compare 1986 expenditures with 1987 expenditures. The "trade total" and "business gifts" numbers do not include expenditures by retailers; these expenditures are tabulated under "retail promotion." In the third column, 1987 retailer expenditures for trade incentives and business gifts are included in the trade and business gift totals; they no longer appear as retail promotion.

	1986 EXPENDITURES	% CHANGE	1987 EXPENDITURES	% CHANGE	1987 EXPENDITURES INCLUDING RETAIL
SALES INCENTIVES	\$3,484,645	6.7	\$3,784,395	8.6	\$4,464,731
Merchandise	2,628,691	6.5	2,836,442	7.9	3,247,336
Travel	855,954	7.5	947,953	10.7	1,217,395
DEALER INCENTIVES	\$2,346,799	5.3	\$2,451,766	4.5	\$2,538,066
Merchandise	1,532,474	5.2	1,612,521	5.2	1,660,814
Travel	814,325	5.6	839,245	3.1	877,252
MERCHANDISE TOTAL	\$4,161,165	6.0	\$4,448,963	6.9	\$4,908,150
TRAVEL TOTAL	\$1,670,279	6.5	\$1,787,198	7.0	\$2,094,647
TRADE TOTAL	\$5,831,444	6.2	\$6,236,161	6.9	\$7,002,797
BUSINESS GIFTS	\$1,211,722	2.7	\$1,293,247	6.7	\$1,486,945
CONSUMER PREMIUMS					
Product Promotion:	\$3,685,931	1.6	\$3,925,162	6.5	\$3,925,162
• Mail-In Offers	1,864,186	2.0	1,988,071	6.6	1,988,071
• Direct Premiums	1,821,745	1.1	1,937,091	6.3	1,937,091
Retail Promotion:	\$2,411,000	-2.3	\$2,512,990	4.2	\$1,552,656
• Sweepstakes, Games	Tabulated		185,946		185,946
• Direct, Trading Stamps	differently		-1,366,710		1,366,710
• Trade Incentives, Gifts	in 1986		960,334		
CONSUMER TOTAL	\$6,096,931	—	\$6,438,152	5.6	\$5,477,818
TOTAL USAGE	\$13,140,097	2.9	\$13,967,560	6.3	\$13,967,560

Consumer Premiums

Consumer promotion rebounds strongly after a flat 1986, thanks to a good showing by mail-in offers.

Consumer promotion executives, who seemed to use carbon copies of their 1985 budgets to develop 1986 premium programs, turned aggressive enough this year to increase incentive spending by 5.6 percent.

Product promoters—manufacturers, distributors and service marketers—increased their activity more, with an estimated advance of 6.5 percent to reach \$3.93 billion. Just over half of that, \$1.99 billion, went toward consumer mail-in offers, while \$1.94 billion was spent on direct premium programs.

Retailers' promotion expenditures were up 4.2 percent this year, to total \$2.51 billion. However, a change in IM's tabulation method shows that a considerable amount of that spending—\$960 million—falls into the trade incentive and business gift categories.

Mail-in promotions—self-liquidators, free offers and sweepstakes—were up 6.6 percent. Direct premiums, including factory-packs and coupon plans, rose 6.3 percent.

Here is how retail promotion breaks down in the latest surveys, in thousands:

Consumer premiums.....	\$1,552,656
Sales incentives	
—merchandise.....	\$410,894
—travel.....	\$269,442
Business gifts.....	\$193,698
Dealer incentives	
—merchandise.....	\$48,293
—travel.....	\$38,007

The dealer expenditures are, at first glance, surprising in a retailer promotion report. These are mainly entered by firms offering incentives to franchisees, or to management of chain units. What might be more surprising is the relatively small amount spent for consumer incentives by retailers. Only in supermarkets is such promotion a major factor; they account for about 77 percent of expenditures.

Results of consumer promotion efforts were close to those reported a year earlier. In terms of sales-volume increases, marketers achieved an average of 18.7 percent.

Many large users find point-of-sale display to be a key indicator for success. In 1987, marketers achieved a 38-percent gain in display use during promotions, compared with a 32-percent average last year. And consumer response to mail-in offers improved this year in most media.

Though the smallest of the

mail-in varieties, sweepstakes and contests (up 16 percent) outpaced both free offers (up 8.1 percent) and self-liquidators (up 3.9 percent) in growth. Factory-packs (up 9.5 percent) surpassed the growth rate of other direct premiums (up 6.9 percent), while coupon plans (up 0.6 percent) almost stood still. Here are the totals for the six categories of product promotion, in thousands:

Mail-in offers

Self-liquidators ..	\$1,147,556
Free mail-ins.....	\$557,423
Sweepstakes & contests	\$283,092

Direct premiums

Direct with purchase	\$1,023,066
Factory-packs	\$545,648
Coupon plan	\$368,377

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INCENTIVE USAGE BY INDUSTRY

(All figures in thousands — "000" omitted)

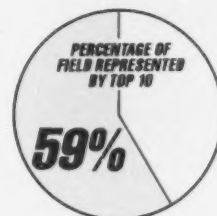
INDUSTRY	EXPENDITURES	% CHANGE
Food Products	\$1,499,291	+ 5.5%
Toiletries & Cosmetics	871,065	+ 9.2
Auto Parts, Tires, Accessories	751,611	+ 8.3
Insurance	622,454	+ 6.5
Electronics, Radio & TV	461,711	+ 7.9
Automobiles & Trucks	407,238	+ 1.8
Building Materials	318,577	+ 8.7
Petroleum Products	288,534	+10.3
Office Equipment	279,170	+ 5.2
Heating & Air Conditioning	276,584	+ 6.5
Publishers, Printers, Broadcasters	274,948	+ 8.8
Beer, Ale, Soft Drinks	219,177	+ 7.4
Detergents & Cleansers	213,748	+ 5.3
Electric Appliances	207,654	+ 3.4
Banks, Savings & Loan	205,292	+ 0.6
Housewares & Home Furnishings	202,278	+ 8.8
Farm Equipment	202,065	+ 1.4
Feed, Fertilizer, Farm Supplies	195,945	- 6.2
Pharmaceuticals	181,841	+ 5.2
Machinery & Supplies	143,161	+ 3.1
Electrical & Lighting Equipment	127,305	+ 9.2
Industrial Chemicals	109,051	+11.5
Furniture & Floor Coverings	88,042	+ 8.8
Paper Products & Packaging	81,078	+ 0.3
Paints & Varnishes	64,658	+ 6.0
Apparel	56,862	+ 7.3
Sporting Goods & Toys	53,084	+ 7.7
Hardware	31,724	- 3.6
Public Utilities	26,001	+ 4.2
Miscellaneous Manufactures	767,218	Not available
Miscellaneous Services	876,275	available
Distributors & Wholesalers	1,350,928	+10.7
Retailers	2,512,990	+ 4.2

TOP 10 CONSUMER PREMIUM USERS (1987)

FOOD PRODUCTS

\$1,122,002

BEER, ALE, SOFT DRINKS	\$115,770
ESPRESSO & COFFEE	\$112,451
DETERGENTS	\$107,522
PETROLEUM	\$100,730
HOUSEWARES & HOME FURNISHINGS	\$95,227
AUTO PARTS	\$93,533
HAIR CARE	\$81,044



ALL FIGURES IN THOUSANDS—"000" OMITTED

Among the 10 top industries in consumer promotion, beer/ale and soft drinks and petroleum products moved ahead, while banks and savings/loan associations and housewares and home furnishings slipped a notch.

Among all industries, three increased their consumer premium usage by 9 percent or more: petroleum products; auto parts, tires and accessories, and electric appliances.

Three other fields curtailed consumer promotion this year: feed, fertilizer and farm supplies; banks and savings/loan associations, and hardware.

Change from 1986 to 1987 was as follows:

Apparel	+1.9%
Auto parts, tires & accessories	+12.3%
Automobiles & trucks	+6.7%
Banks and savings & loan	-4.8%
Beer, ale & soft drinks	+7.1%
Building materials	+3.5%
Detergents & cleansers	+8.1%
Electric appliances	+9.0%
Electrical & lighting equipment	+5.6%
Electronics, radio & TV	+3.8%
Farm equipment	+3.3%
Feed, fertilizer & farm supplies	-11.7%
Food products	+7.0%
Furniture & floor coverings	+4.9%
Hardware	-4.4%

Heating & air conditioning	+6.2%
Housewares & home furnishings	+5.9%
Industrial chemicals	+8.1%
Insurance	—
Machinery & supplies	+5.9%
Office equipment	+7.5%
Paints & varnishes	+3.1%
Paper products & packaging	+0.3%
Petroleum products	+13.3%
Pharmaceuticals	+3.9%
Public utilities	+4.6%
Publishers, printers & broadcasters	+7.6%
Sporting goods & toys	+6.6%

Toiletries	+8.3%
Distributors & wholesalers	+10.5%

As for retailers, supermarkets increased their promotion expenditures by only 2.4 percent, for a total of \$1.2 billion this year. Activity among other retailers increased approximately 6 percent.

Much responsibility for the small advance in the grocery field lies with trading stamp usage, which declined substantially. Stamp volume this year is estimated at \$382-million, with about 90 percent through supermarkets. Replacing much of that have been increases in continuity promotions, games and sweepstakes, and tape-redemption plans. ■

Sales Incentives

The recent trend is toward increased reliance on sales motivation during uneasy economic periods.

Sales motivation is in the forefront of incentive usage for the fourth consecutive year. This year's expenditures total \$3.78 billion, up 8.6 percent. The effectiveness of sales-force campaigns remained strong, with average sales increases of 20.9 percent attributed to the promotion.

Sales incentives' share of total spending has been inching up since 1984. Increased reliance on sales motivation usually goes with an uneasy economy in which over-

all trends are unclear and some markets may falter. The opportunity to control the sales incentive campaign is greater than with dealer and consumer promotions—a comforting fact for many marketers. Almost any desired sales purpose can be served by motivating the salespeople, in concert with promotion at other levels or independently.

There is some evidence that users applied sales incentives more selectively this year. Of 10

TOP SALES INCENTIVE USERS (1987)



ALL FIGURES IN THOUSANDS—"000" OMITTED

objectives listed in the survey, the catchall "increase overall volume" never before averaged below a 72-percent response. This year's respondents picked that as a target in only 59 percent of cases. Other popular responses are "introduce new product" and "sell new accounts."

Results did cost a little more in 1987. The average cost, as a share of incremental sales, was 12 percent, a point higher than the previous year. Much of the increase can be traced to a large increase in the cost of the average incentive trip—\$2095, up about 35 percent from 1986. The effect of this may have weighed more heavily because travel outpaced merchandise awards in this year's usage.

Travel programs were up 10.7 percent to total \$948 million. Merchandise expenditures rose 7.9 percent to \$2.84 billion.

The qualification rate held steady at 40 percent, with 49 percent earning merchandise and 29 percent reaching travel goals.

The 10 industries that dominate the sales motivation field have not changed this year, although there was a minor reshuffling. While food products stood still, electronics, radio and television jumped ahead by adding 10.9 percent in expenditures.

Five of the top 10 increased sales incentive spending by percentages well above the average, ranging from 9.7 percent for auto parts, tires and accessories to 13.5 percent for toiletries and cosmetics. The largest increase this year was reported by the apparel industry.

One of the top 10, machinery and supplies, reduced spending by 0.5 percent. The only other budget-cutter was hardware, off 8.6 percent.

Here is how all the industries stacked up in this year's estimates:

Apparel	+21.4%
Auto parts, tires & accessories	+9.7%
Automobiles & trucks	+1.8%
Banks, savings/loan	+10.2%
Beer, ale & soft drinks	+10.0%
Building materials	+10.7%
Detergents & cleansers	+1.4%
Electric appliances	+1.3%
Electrical & lighting equipment	+5.0%
Electronics, radio & TV	+10.9%
Farm equipment	+5.6%
Feed, fertilizer & farm supplies	+2.7%
Food products	+0.6%
Furniture & floor coverings	+9.1%
Hardware	-8.6%
Heating & air conditioning	+5.2%
Housewares & home furnishings	+15.9%
Industrial chemicals	+10.7%
Insurance	+8.3%
Machinery & supplies	-0.5%
Office equipment	+1.1%
Paints & varnishes	+4.4%
Paper products & packaging	+0.7%
Petroleum products	+6.0%
Pharmaceuticals	+2.9%

Public utilities	+5.0%
Publishers, printers & broadcasters	+11.7%
Sporting goods & toys	+12.3%
Toiletries & cosmetics	+13.5%
Distributors & wholesalers	+9.9%

Some of these industries showed very small growth in total promotion spending but increased sales incentives significantly. ■

Dealer Incentives

Expenditures for dealer motivation grew a bit in 1987 but paled in comparison to sales and consumer spending.

Dealer motivation programs grew less than sales incentives and consumer promotion this year. IM's survey estimates dealer incentive expenditures at \$2.45 billion, just 4.5 percent more than last year. Respondents showed neither significant budget reductions nor many major increases—just a continuation of previous levels of activity with minor increases in cost.

Such cost increases did not have a measurable effect on the average

bottom line: The median program cost remained at 10 percent of incremental sales, a level it has held for four years. The average sales increase achieved during dealer incentive promotions was 18.4 percent, precisely the same as a year ago.

The final measure of effectiveness is how many people were motivated enough to qualify for awards. This year's results compare favorably with recent years. Fifty-eight percent earned merchandise awards, one point more than in 1986. Travel qualification slipped slightly to 46 percent from 49 percent. The overall average is a fraction over 50 percent.

Industry results ranged from a 14.9-percent increase in dealer promotion spending by the electrical and lighting equipment category to a 6.1-percent reduction by feed, fertilizer and farm supplies. In both cases, the up and down extremes were in merchandise spending; both industries held travel expenditures near the middle of the scale.

Six other industries increased dealer promotion spending by 10 percent or more: beer, ale and soft drinks; industrial chemicals; machinery and supplies; office equipment; petroleum products, and pharmaceuticals.

Three other industries decreased dealer promotion spending: farm equipment; paper products and packaging, and banks and savings and loan associations.

Here are percentage changes in expenditures for 1987 compared with 1986 for all industries:

Apparel	+1.4%
Auto parts, tires & accessories	+4.4%
Automobiles & trucks	+1.8%
Banks and savings & loan	-3.6%
Beer, ale & soft drinks	+10.7%
Building materials	+2.3%
Detergents & cleansers	+4.2%
Electric appliances	+3.0%
Electrical & lighting equipment	+14.9%
Electronics, radio & TV	+4.6%
Farm equipment	-0.3%
Feed, fertilizer & farm supplies	-6.1%
Food products	+2.1%
Furniture & floor coverings	+8.8%
Hardware	+2.7%
Heating & air conditioning	+4.1%
Housewares & home furnishings	+9.7%
Industrial chemicals	+13.9%
Insurance	+8.1%
Machinery & supplies	+12.5%
Office equipment	+12.6%
Paints & varnishes	+9.8%
Paper products & packaging	-2.2%
Petroleum products	+11.8%
Pharmaceuticals	+10.3%
Public utilities	+3.7%
Publishers, printers & broadcasters	+7.6%
Sporting goods & toys	+4.4%
Toiletries & cosmetics	+2.0%

Distributors & wholesalers+12.9%

The top 10 user industries remain the same as last year, but there was a bit of turbulence in positioning among them. Electronics, radio and television, food products and petroleum products all moved up, while automobiles and trucks, farm equipment and building materials slipped. ■

Incentive Travel

Sales-force expenditures ran well ahead of dealer travel this year, with the average trip costing more than \$2,000 per winning salesperson.

Incentive travel for salespeople jumped ahead at a 10.7-percent growth rate this year, while dealer travel programs grew only 3.1 percent over 1986 expenditures.

The average sales incentive trip this year cost an average of \$2,095 per winner, with the per-person travel cost at \$1,404. In contrast, the dealer incentive survey showed travel costs of \$1,797 per winner and \$1,113 per person. The median cost per winner is \$2,000 per

TOP 10 DEALER INCENTIVE USERS (1987)



ALL FIGURES IN THOUSANDS—"000" OMITTED

TOP 10 INCENTIVE TRAVEL USERS (1987)



ALL FIGURES IN THOUSANDS—"000" OMITTED

salesperson, up from \$1,500 a year ago, and \$1,500 per dealer, down from \$1,700.

Despite fluctuating unit cost, overall program costs and results both improved. The portion of incremental sales devoted to the incentive program eased a bit from last year's 11.5 percent to the 1987 average of 10.7. Sales increases achieved through incentive programs averaged 20.8 percent, up from 17.8 percent a year ago.

Participation dropped only slightly to 34 percent of eligible people from 36 percent. The average number of travelers in group trips slipped from 157 to 142.

Total travel expenditures are up 7 percent, compared with 6.5 percent a year ago. This brings the comparative total to \$1.79 billion. However, there is a new element in this year's reports: a fairly large amount of previously hidden travel expenditure by retailers. Retail incentive spending in previous years was reported as a single estimate, not separated by promotion type. This year, we can separate retailers' trade incentive usage from their consumer promotion—including \$307.5 million spent on incentive travel. This brings the total of identifiable travel expenditures to approximately \$2.1 billion.

The largest user of incentive travel, the insurance industry, spent 10.4 percent more this year. That growth added over \$24 million to the total. A small user, the apparel industry, boosted travel budgets by the largest percentage—23.4.

Four industries reduced their incentive travel spending this year:



banks and savings/loan associations, farm equipment, hardware and public utilities.

Among the top 10 in travel expenditure, office equipment and building materials moved up, while farm equipment and electric appliances slipped.

Here is how the industries changed their travel spending in 1987:

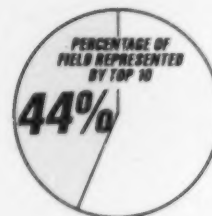
Apparel	+23.4%
Auto parts, tires & accessories	+5.8%
Automobiles & trucks	+2.2%
Banks, savings & loan	-0.6%
Beer, ale & soft drinks	+4.3%

Building materials	+8.6%
Detergents & cleansers	+2.3%
Electric appliances	+0.8%
Electrical & lighting equipment	+5.5%
Electronics, radio & TV	+5.2%
Farm equipment	-1.2%
Feed, fertilizer & farm supplies	+8.2%
Food products	+4.6%
Furniture & floor coverings	+4.4%
Hardware	-1.4%
Heating & air conditioning	+8.3%
Housewares & home furnishings	+4.4%
Industrial chemicals	+0.8%
Insurance	+10.4%
Machinery & supplies	+6.4%
Office equipment	+3.9%
Paints & varnishes	+4.7%
Paper products & packaging	+1.6%
Petroleum products	+5.6%
Pharmaceuticals	+9.4%
Public utilities	-2.0%
Publishers, printers & broadcasters	+3.3%
Sporting goods & toys	+6.9%
Toiletries & cosmetics	+4.6%
Distributors & wholesalers	+10.8%

A return to the double-digit expansion of 1984 and 1985 may have to wait for a settling of the economic climate that would make long-term promotion planning a little less uncertain.

TOP 10 BUSINESS GIFT USERS (1987)

AUTO PARTS, TIRES, ACCESSORIES	\$181,832
FUEL OIL & LUBRICANTS	\$73,200
AUTOMOBILES & TRUCKS	\$68,213
REPAIRS	\$41,887
BANKS, SAVINGS & LOAN	\$40,000
COMMERCIAL INSURANCE	\$38,854
ELECTRIC APPLIANCES	\$47,213
TRAVELING EXPENSES	\$46,874
FOOD PRODUCTS	\$41,883
PHARMACEUTICALS, ETC.	\$34,854



ALL FIGURES IN THOUSANDS—"000" OMITTED

Business Gifts

Executives reluctantly increase spending.

They said they did not want to do it, but surveyed executives increased their spending for business gifts by 6.7 percent this year over 1986 levels. Early in the year, respondents said they would raise their budgets only 3.2

percent, and 35 percent said they were making special efforts to hold down gift costs.

In spite of the effort, executives expected to spend an average of \$56.14 per gift, up from \$41.89 a year ago. The median cost rose to

\$20 from \$18. The new estimates bring the year's gift total to \$1.29 billion.

Five industries with larger-than-average increases carried most of the load, as many more industry groups fell below the average growth rate. The big gainers in gift purchases included two of the 10 top user industries: Building materials expanded its gift buying by 20 percent, and

THE ONLY
OTHER THING AS BIG..
IS THIS

electronics, radio & TV added 10.9 percent to last year's spending level.

The largest expansion in business gifts was in the heating and air conditioning industry, where spending was up 27.9 percent. Other aggressive givers were furniture and floor coverings, up 13.2 percent, and industrial chemicals, up 10.4 percent.

On the down side, three groups

decreased expenditures this year. Beer, ale and soft drinks was the most tightfisted industry, cutting back gift usage by 12 percent. Feed, fertilizer and farm supply companies declined 9.9 percent, and hardware manufacturers pared 4.7 percent off last year's budgets.

The trend away from concentration on Christmas as the dominant time for giving has been

going on for several years. In the past, 80 to 85 percent of all gifts were given during the holiday season. Last year, only 67 percent of the executives told us that Christmas was the preferred gift occasion and 40 percent checked the catchall—"other" occasions. This year's survey showed 70 percent voting for Christmas as the primary gift-giving time and 48 percent at other times. ■

MANUFACTURING INDUSTRIES		EXPENDITURES 1987		EXPENDITURES 1986	
APPAREL		\$56,862,000	+7.3%	\$53,001,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 14,580,000	+21.1%	\$ 12,040,000	- 1.4%	
Travel	\$ 3,803,000	+22.4%	\$ 3,107,000	+ 2.0%	
Dealer Merchandise	\$ 8,123,000	+ 0.1%	\$ 8,115,000	+ 0.4%	
Travel	\$ 429,000	+33.2%	\$ 322,000	+ 3.9%	
BUSINESS GIFTS	\$ 10,326,000	+ 1.5%	\$ 10,173,000	+ 4.0%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 8,547,000	+ 3.8%	\$ 8,234,000	-25.1%	
Other Premiums	\$ 11,054,000	+ 0.4%	\$ 11,010,000	-22.9%	
AUTO PARTS, TIRES, ACCESSORIES		\$751,611,000	+8.3%	\$694,165,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 207,409,000	+10.2%	\$ 188,211,000	- 1.2%	
Travel	\$ 89,958,000	+ 8.5%	\$ 82,881,000	- 0.6%	
Dealer Merchandise	\$ 194,776,000	+ 6.9%	\$ 182,204,000	- 5.7%	
Travel	\$ 64,303,000	+ 2.1%	\$ 62,980,000	- 1.3%	
BUSINESS GIFTS	\$ 101,632,000	+ 7.4%	\$ 94,629,000	- 1.3%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 70,250,000	+16.2%	\$ 60,456,000	-13.5%	
Other Premiums	\$ 23,283,000	+ 2.1%	\$ 22,804,000	-20.3%	
AUTOMOBILES & TRUCKS		\$407,238,000	+1.8%	\$399,961,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 151,854,000	+1.9%	\$ 149,023,000	+ 1.5%	
Travel	\$ 25,969,000	+1.4%	\$ 25,610,000	- 6.3%	
Dealer Merchandise	\$ 47,287,000	+0.5%	\$ 47,052,000	-11.2%	
Travel	\$ 111,178,000	+2.4%	\$ 108,572,000	+ 1.1%	
BUSINESS GIFTS	\$ 68,213,000	+1.6%	\$ 67,139,000	- 5.7%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 1,352,000	+6.3%	\$ 1,272,000	-50.7%	
Other Premiums	\$ 1,385,000	+7.1%	\$ 1,293,000	-55.0%	
BEER, ALE & SOFT DRINKS		\$219,177,000	+7.4%	\$204,036,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 50,597,000	+12.1%	\$ 45,136,000	+2.8%	
Travel	\$ 12,244,000	+ 2.2%	\$ 11,980,000	+5.8%	
Dealer Merchandise	\$ 25,306,000	+11.1%	\$ 22,778,000	+8.0%	
Travel	\$ 5,748,000	+ 9.1%	\$ 5,269,000	+7.9%	
BUSINESS GIFTS	\$ 9,512,000	-12.0%	\$ 10,809,000	+8.9%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 69,739,000	+10.5%	\$ 63,112,000	+3.8%	
Other Premiums	\$ 46,031,000	+ 2.4%	\$ 44,952,000	+3.0%	

		EXPENDITURES 1987		EXPENDITURES 1986	
BUILDING MATERIALS		\$318,577,000	+8.7%	\$293,210,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 115,736,000	+11.7%	\$ 103,613,000	+20.3%	
Travel	\$ 34,440,000	+ 7.6%	\$ 32,007,000	+22.7%	
Dealer Merchandise	\$ 59,056,000	- 1.0%	\$ 59,653,000	+17.2%	
Travel	\$ 29,119,000	+ 9.8%	\$ 26,520,000	+17.7%	
BUSINESS GIFTS	\$ 45,870,000	+20.0%	\$ 38,217,000	+ 7.9%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 13,224,000	+ 9.2%	\$ 12,110,000	-42.5%	
Other Premiums	\$ 21,132,000	+ 0.2%	\$ 21,090,000	-38.2%	
DETERGENTS & CLEANSERS		\$213,748,000	+5.3%	\$203,026,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 64,419,000	+1.4%	\$ 63,530,000	+ 4.6%	
Travel	\$ 2,926,000	+1.9%	\$ 2,871,000	+ 4.4%	
Dealer Merchandise	\$ 29,827,000	+4.2%	\$ 28,625,000	+ 9.4%	
Travel	\$ 601,000	+4.2%	\$ 577,000	+14.5%	
BUSINESS GIFTS	\$ 8,453,000	+6.7%	\$ 7,922,000	+10.2%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 69,315,000	+9.0%	\$ 63,592,000	+ 3.2%	
Other Premiums	\$ 38,207,000	+6.4%	\$ 35,909,000	+ 5.5%	
ELECTRIC APPLIANCES		\$207,654,000	+3.4%	\$200,828,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 30,273,000	+ 0.7%	\$ 30,063,000	+19.8%	
Travel	\$ 13,614,000	+ 2.6%	\$ 13,269,000	+14.2%	
Dealer Merchandise	\$ 31,143,000	+ 7.5%	\$ 28,970,000	+14.4%	
Travel	\$ 48,048,000	+ 0.3%	\$ 47,904,000	+ 6.3%	
BUSINESS GIFTS	\$ 47,213,000	+ 1.9%	\$ 46,333,000	+ 6.2%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 20,907,000	+13.5%	\$ 18,420,000	+ 7.7%	
Other Premiums	\$ 16,456,000	+ 3.7%	\$ 15,869,000	+20.9%	
ELECTRICAL & LIGHTING EQUIPMENT		\$127,305,000	+9.2%	\$116,550,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 20,159,000	+ 5.2%	\$ 19,163,000	+11.2%	
Travel	\$ 9,347,000	+ 4.7%	\$ 8,927,000	+ 6.1%	
Dealer Merchandise	\$ 42,249,000	+18.1%	\$ 35,774,000	+ 8.1%	
Travel	\$ 13,582,000	+ 6.0%	\$ 12,813,000	+14.3%	
BUSINESS GIFTS	\$ 28,622,000	+ 5.1%	\$ 27,233,000	+ 8.5%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 5,628,000	+ 0.3%	\$ 5,611,000	-12.7%	
Other Premiums	\$ 7,718,000	+ 9.8%	\$ 7,029,000	-11.9%	
ELECTRONICS, RADIO & TV		\$461,711,000	+7.9%	\$427,853,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 150,179,000	+10.1%	\$ 136,402,000	+6.0%	
Travel	\$ 55,594,000	+13.2%	\$ 49,111,000	+6.8%	
Dealer Merchandise	\$ 52,748,000	+11.4%	\$ 47,350,000	+7.9%	
Travel	\$ 109,576,000	+ 1.6%	\$ 107,850,000	+1.7%	
BUSINESS GIFTS	\$ 49,354,000	+10.9%	\$ 44,503,000	+5.8%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 16,982,000	+ 2.1%	\$ 16,633,000	+4.2%	
Other Premiums	\$ 27,278,000	+ 4.9%	\$ 26,004,000	+2.6%	

EXPENDITURES 1987			EXPENDITURES 1986		
FARM EQUIPMENT			\$202,065,000	+1.4%	\$199,321,000
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 26,290,000	+8.1%	\$ 24,320,000	-16.0%	
Travel	\$ 25,439,000	+3.2%	\$ 24,649,000	-12.0%	
Dealer Merchandise	\$ 72,634,000	+2.0%	\$ 71,210,000	-13.3%	
Travel	\$ 56,061,000	-3.1%	\$ 57,854,000	- 9.4%	
BUSINESS GIFTS	\$ 13,108,000	+0.6%	\$ 13,027,000	-18.6%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 4,216,000	+4.1%	\$ 4,050,000	-26.6%	
Other Premiums	\$ 4,317,000	+2.5%	\$ 4,211,000	-30.8%	
FEED, FERTILIZER & FARM SUPPLIES			\$195,945,000	-6.2%	\$208,837,000
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 34,147,000	- 0.6%	\$ 34,353,000	+ 8.4%	
Travel	\$ 16,345,000	+10.3%	\$ 14,819,000	+12.1%	
Dealer Merchandise	\$ 45,905,000	-11.8%	\$ 52,046,000	+ 8.2%	
Travel	\$ 24,352,000	+ 6.9%	\$ 22,780,000	+ 7.8%	
BUSINESS GIFTS	\$ 13,405,000	- 9.9%	\$ 14,886,000	+ 3.2%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 18,475,000	+ 9.1%	\$ 16,934,000	- 2.8%	
Other Premiums	\$ 43,316,000	-18.3%	\$ 53,019,000	- 2.0%	
FOOD PRODUCTS			\$1,499,291,000	+5.5%	\$1,421,563,000
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 173,028,000	+ 0.5%	\$ 172,167,000	+32.2%	
Travel	\$ 30,824,000	+ 1.1%	\$ 30,489,000	+26.8%	
Dealer Merchandise	\$ 120,717,000	+ 1.0%	\$ 119,522,000	+24.8%	
Travel	\$ 10,367,000	+16.4%	\$ 8,906,000	+11.1%	
BUSINESS GIFTS	\$ 41,663,000	+ 1.0%	\$ 41,250,000	+10.9%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 605,829,000	+ 6.0%	\$ 571,537,000	+ 3.7%	
Other Premiums	\$ 516,863,000	+ 8.2%	\$ 477,692,000	+ 5.5%	
FURNITURE & FLOOR COVERINGS			\$88,042,000	+8.8%	\$80,957,000
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 14,474,000	+10.0%	\$ 13,158,000	- 6.8%	
Travel	\$ 3,911,000	+ 5.9%	\$ 3,693,000	-11.7%	
Dealer Merchandise	\$ 35,520,000	+11.2%	\$ 31,942,000	- 4.1%	
Travel	\$ 17,494,000	+ 4.1%	\$ 16,805,000	- 5.9%	
BUSINESS GIFTS	\$ 7,288,000	+13.2%	\$ 6,438,000	- 6.5%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 5,422,000	+ 3.9%	\$ 5,218,000	-25.6%	
Other Premiums	\$ 3,933,000	+ 6.2%	\$ 3,703,000	-20.1%	
HARDWARE			\$31,724,000	-3.6%	\$32,923,000
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 7,904,000	- 9.2%	\$ 8,705,000	+ 0.8%	
Travel	\$ 2,191,000	- 6.4%	\$ 2,341,000	+ 5.1%	
Dealer Merchandise	\$ 9,413,000	+ 1.8%	\$ 9,247,000	+ 1.7%	
Travel	\$ 998,000	+11.9%	\$ 892,000	+ 3.6%	
BUSINESS GIFTS	\$ 2,226,000	- 4.7%	\$ 2,336,000	- 3.1%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 4,874,000	- 6.5%	\$ 5,213,000	- 8.4%	
Other Premiums	\$ 4,118,000	- 1.7%	\$ 4,189,000	-11.1%	

		EXPENDITURES 1987		EXPENDITURES 1986	
HEATING & AIR CONDITIONING		\$276,584,000	+6.5%	\$259,679,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 34,962,000	+ 1.9%	\$ 34,310,000	+ 7.5%	
Travel	\$ 49,568,000	+ 7.7%	\$ 46,016,000	+ 6.7%	
Dealer Merchandise	\$ 88,212,000	+ 1.2%	\$ 87,173,000	+11.1%	
Travel	\$ 57,311,000	+ 8.8%	\$ 52,676,000	+12.0%	
BUSINESS GIFTS	\$ 26,937,000	+27.9%	\$ 21,061,000	+16.2%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 6,725,000	+ 8.3%	\$ 6,210,000	+ 5.9%	
Other Premiums	\$ 12,869,000	+ 5.2%	\$ 12,233,000	+17.4%	
HOUSEWARES & HOME FURNISHINGS		\$202,278,000	+8.8%	\$185,838,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 51,826,000	+18.2%	\$ 43,846,000	- 8.9%	
Travel	\$ 7,698,000	+ 2.3%	\$ 7,525,000	-18.9%	
Dealer Merchandise	\$ 23,474,000	+10.4%	\$ 21,263,000	-14.9%	
Travel	\$ 6,564,000	+ 6.9%	\$ 6,140,000	- 9.5%	
BUSINESS GIFTS	\$ 17,489,000	+ 2.1%	\$ 17,129,000	- 3.7%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 6,239,000	+ 7.1%	\$ 5,825,000	- 6.2%	
Other Premiums	\$ 88,988,000	+ 5.8%	\$ 84,110,000	- 5.1%	
INDUSTRIAL CHEMICALS		\$109,051,000	+11.5%	\$97,782,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 19,083,000	+15.2%	\$ 16,565,000	+ 3.9%	
Travel	\$ 6,428,000	- 0.7%	\$ 6,473,000	+ 5.8%	
Dealer Merchandise	\$ 38,469,000	+16.5%	\$ 33,021,000	+ 3.6%	
Travel	\$ 7,357,000	+ 2.1%	\$ 7,206,000	+ 3.2%	
BUSINESS GIFTS	\$ 19,257,000	+10.4%	\$ 17,443,000	- 3.7%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 4,564,000	+15.4%	\$ 3,955,000	-10.0%	
Other Premiums	\$ 13,893,000	+ 5.9%	\$ 13,119,000	-13.1%	
MACHINERY & SUPPLIES		\$143,161,000	+3.1%	\$138,859,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 59,171,000	- 2.4%	\$ 60,626,000	+12.7%	
Travel	\$ 28,039,000	+ 3.8%	\$ 27,013,000	+ 5.0%	
Dealer Merchandise	\$ 8,396,000	+11.5%	\$ 7,530,000	+15.5%	
Travel	\$ 11,927,000	+13.2%	\$ 10,536,000	+50.0%	
BUSINESS GIFTS	\$ 23,184,000	+ 8.3%	\$ 21,407,000	+ 5.9%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 7,023,000	+ 6.2%	\$ 6,618,000	+ 6.9%	
Other Premiums	\$ 5,416,000	+ 5.6%	\$ 5,129,000	+ 9.4%	
OFFICE EQUIPMENT		\$279,170,000	+5.2%	\$265,418,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 55,974,000	+ 0.9%	\$ 55,475,000	+13.0%	
Travel	\$ 64,110,000	+ 1.2%	\$ 63,350,000	+12.7%	
Dealer Merchandise	\$ 31,525,000	+11.9%	\$ 28,173,000	+16.4%	
Travel	\$ 19,793,000	+13.8%	\$ 17,393,000	+12.9%	
BUSINESS GIFTS	\$ 29,794,000	+ 4.5%	\$ 28,511,000	+ 6.1%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 10,591,000	+ 4.6%	\$ 10,125,000	- 8.0%	
Other Premiums	\$ 67,382,000	+ 8.0%	\$ 62,391,000	- 5.9%	

	EXPENDITURES 1987		EXPENDITURES 1986	
PAINTS & VARNISHES	\$64,658,000	+6.0%	\$60,972,000	
TRADE INCENTIVES				
Sales-Force Merchandise	\$ 15,523,000	+ 4.0%	\$ 14,926,000	+12.9%
Travel	\$ 4,941,000	+ 5.8%	\$ 4,670,000	+11.0%
Dealer Merchandise	\$ 12,457,000	+15.0%	\$ 10,832,000	+19.1%
Travel	\$ 10,469,000	+ 4.2%	\$ 10,047,000	+11.4%
BUSINESS GIFTS	\$ 2,562,000	+ 8.8%	\$ 2,355,000	+11.5%
CONSUMER PREMIUMS				
Mail-In Promotions	\$ 12,999,000	+ 2.9%	\$ 12,633,000	+10.7%
Other Premiums	\$ 5,707,000	+ 3.6%	\$ 5,509,000	+ 8.2%
PAPER PRODUCTS & PACKAGING	\$81,078,000	+0.3%	\$80,871,000	
TRADE INCENTIVES				
Sales-Force Merchandise	\$ 10,715,000	+0.3%	\$ 10,683,000	+12.6%
Travel	\$ 10,233,000	+1.1%	\$ 10,122,000	+ 9.0%
Dealer Merchandise	\$ 10,318,000	-4.5%	\$ 10,804,000	+12.4%
Travel	\$ 4,951,000	+2.8%	\$ 4,816,000	+ 9.5%
BUSINESS GIFTS	\$ 12,005,000	+2.8%	\$ 11,678,000	+ 7.3%
CONSUMER PREMIUMS				
Mail-In Promotions	\$ 18,305,000	+0.4%	\$ 18,232,000	+ 7.2%
Other Premiums	\$ 14,551,000	+0.1%	\$ 14,536,000	+ 6.6%
PETROLEUM PRODUCTS	\$288,534,000	+10.3%	\$261,618,000	
TRADE INCENTIVES				
Sales-Force Merchandise	\$ 60,343,000	+ 5.4%	\$ 57,251,000	+ 3.3%
Travel	\$ 16,043,000	+ 8.2%	\$ 14,827,000	+67.7%
Dealer Merchandise	\$ 81,375,000	+13.5%	\$ 71,696,000	+ 4.0%
Travel	\$ 14,374,000	+ 2.8%	\$ 13,983,000	+57.5%
BUSINESS GIFTS	\$ 15,669,000	+ 4.7%	\$ 14,966,000	+12.2%
CONSUMER PREMIUMS				
Mail-In Promotions	\$ 38,466,000	+ 9.8%	\$ 35,033,000	+ 7.1%
Other Premiums	\$ 62,264,000	+15.6%	\$ 53,862,000	+ 7.3%
PHARMACEUTICALS	\$181,841,000	+5.2%	\$172,919,000	
TRADE INCENTIVES				
Sales-Force Merchandise	\$ 52,714,000	+ 1.0%	\$ 52,192,000	+12.9%
Travel	\$ 15,493,000	+ 9.8%	\$ 14,111,000	+15.4%
Dealer Merchandise	\$ 24,258,000	+11.0%	\$ 21,854,000	+12.3%
Travel	\$ 9,837,000	+ 8.7%	\$ 9,050,000	+27.8%
BUSINESS GIFTS	\$ 32,988,000	+ 6.7%	\$ 30,917,000	+11.2%
CONSUMER PREMIUMS				
Mail-In Promotions	\$ 22,414,000	+ 7.4%	\$ 20,870,000	+14.5%
Other Premiums	\$ 24,137,000	+ 0.9%	\$ 23,922,000	+ 8.1%
SPORTING GOODS & TOYS	\$53,084,000	+7.7%	\$49,302,000	
TRADE INCENTIVES				
Sales-Force Merchandise	\$ 8,857,000	+14.8%	\$ 7,715,000	+ 1.5%
Travel	\$ 6,574,000	+ 9.1%	\$ 6,026,000	+ 7.3%
Dealer Merchandise	\$ 9,749,000	+ 4.7%	\$ 9,311,000	+ 8.0%
Travel	\$ 4,553,000	+ 3.8%	\$ 4,386,000	+ 3.9%
BUSINESS GIFTS	\$ 2,801,000	+ 8.2%	\$ 2,588,000	+ 6.0%
CONSUMER PREMIUMS				
Mail-In Promotions	\$ 10,067,000	+ 6.3%	\$ 9,470,000	+ 5.9%
Other Premiums	\$ 10,483,000	+ 6.9%	\$ 9,806,000	+ 6.4%

		EXPENDITURES 1987		EXPENDITURES 1986	
TOILETRIES & COSMETICS		\$871,065,000	+9.2%	\$797,573,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 277,852,000	+15.2%	\$ 241,191,000	+ 4.5%	
Travel	\$ 36,949,000	+ 2.1%	\$ 36,189,000	+ 5.2%	
Dealer Merchandise	\$ 89,652,000	+ 0.6%	\$ 89,117,000	+ 5.3%	
Travel	\$ 14,728,000	+11.4%	\$ 13,221,000	+10.9%	
BUSINESS GIFTS	\$ 73,205,000	+ 7.1%	\$ 68,352,000	+ 5.0%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 181,263,000	+ 6.4%	\$ 170,360,000	+ 5.2%	
Other Premiums	\$ 197,416,000	+10.2%	\$ 179,143,000	+ 5.1%	
MISCELLANEOUS MANUFACTURES		\$767,218,000			
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 127,063,000				
Travel	\$ 33,190,000				
Dealer Merchandise	\$ 118,025,000				
Travel	\$ 24,728,000				
BUSINESS GIFTS	\$ 75,182,000				
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 138,029,000				
Other Premiums	\$ 251,001,000				

(1986 estimates
tabulated differently—
not comparable)

		EXPENDITURES 1987		EXPENDITURES 1986	
SERVICE INDUSTRIES					
BANKS AND SAVINGS & LOAN		\$205,292,000	+0.6%	\$204,168,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 38,356,000	+10.8%	\$ 34,617,000	+ 5.3%	
Travel	\$ 2,380,000	+ 1.3%	\$ 2,349,000	- 5.7%	
Dealer Merchandise	\$ 2,078,000	- 2.0%	\$ 2,120,000	-20.5%	
Travel	\$ 351,000	-12.0%	\$ 399,000	- 3.2%	
BUSINESS GIFTS	\$ 49,696,000	+ 6.6%	\$ 46,619,000	+ 3.8%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 18,798,000	- 6.6%	\$ 20,122,000	-22.6%	
Other Premiums	\$ 93,633,000	- 4.4%	\$ 97,942,000	- 1.2%	
DISTRIBUTORS & WHOLESALEERS		\$1,350,928,000	+10.7%	\$1,219,972,000	
TRADE INCENTIVES					
Sales-Force Merchandise	\$ 401,625,000	+ 9.7%	\$ 366,112,000	+5.0%	
Travel	\$ 29,989,000	+11.9%	\$ 26,800,000	+6.7%	
Dealer Merchandise	\$ 149,172,000	+13.4%	\$ 131,545,000	+5.3%	
Travel	\$ 21,647,000	+ 9.2%	\$ 19,823,000	+8.7%	
BUSINESS GIFTS	\$ 232,912,000	+11.4%	\$ 209,077,000	+3.0%	
CONSUMER PREMIUMS					
Mail-In Promotions	\$ 296,794,000	+ 9.2%	\$ 271,789,000	+0.7%	
Other Premiums	\$ 218,789,000	+12.3%	\$ 194,826,000	+1.2%	

**EXPENDITURES
1987**

**EXPENDITURES
1986**

INSURANCE

\$622,454,000

+6.5%

\$584,273,000

TRADE INCENTIVES

Sales-Force Merchandise

\$ 210,167,000

+ 6.1%

\$ 198,084,000

+ 7.5%

Travel

\$ 191,735,000

+10.9%

\$ 172,931,000

+ 6.1%

Dealer Merchandise

\$ 13,380,000

+ 4.2%

\$ 12,841,000

+ 9.9%

Travel

\$ 65,041,000

+ 8.9%

\$ 59,725,000

+ 6.1%

BUSINESS GIFTS

\$ 61,087,000

+ 2.4%

\$ 59,656,000

+ 5.6%

CONSUMER PREMIUMS

Mail-In Promotions

\$ 72,539,000

+ 0.3%

\$ 72,322,000

+11.1%

Other Premiums

\$ 8,505,000

- 2.4%

\$ 8,714,000

+10.5%

PUBLIC UTILITIES

\$26,001,000

+4.2%

\$24,960,000

TRADE INCENTIVES

Sales-Force Merchandise

\$ 6,665,000

+ 8.6%

\$ 6,137,000

+12.0%

Travel

\$ 3,002,000

- 2.1%

\$ 3,066,000

+ 9.6%

Dealer Merchandise

\$ 3,123,000

+ 4.3%

\$ 2,994,000

+ 9.1%

Travel

\$ 357,000

- 1.0%

\$ 361,000

+12.1%

BUSINESS GIFTS

\$ 2,583,000

+ 0.1%

\$ 2,580,000

+16.8%

CONSUMER PREMIUMS

Mail-In Promotions

\$ 5,291,000

+ 5.2%

\$ 5,029,000

+ 9.2%

Other Premiums

\$ 4,980,000

+ 3.9%

\$ 4,793,000

+ 4.6%

PUBLISHERS, PRINTERS & BROADCASTERS

\$274,948,000

+8.8%

\$252,632,000

TRADE INCENTIVES

Sales-Force Merchandise

\$ 97,020,000

+13.2%

\$ 85,707,000

+ 1.8%

Travel

\$ 17,915,000

+ 4.0%

\$ 17,226,000

+43.4%

Dealer Merchandise

\$ 13,169,000

+10.5%

\$ 11,918,000

+14.5%

Travel

\$ 5,532,000

+ 1.2%

\$ 5,466,000

+13.6%

BUSINESS GIFTS

\$ 34,558,000

+ 4.4%

\$ 33,102,000

+ 2.9%

CONSUMER PREMIUMS

Mail-In Promotions

\$ 72,962,000

+ 8.7%

\$ 67,122,000

+ 8.1%

Other Premiums

\$ 33,792,000

+ 5.3%

\$ 32,091,000

+ 5.5%

RETAILERS

\$2,512,990,000

+4.2%

\$2,411,000,000

TRADE INCENTIVES

Sales-Force Merchandise

\$ 410,894,000

Travel

\$ 269,442,000

Dealer Merchandise

\$ 48,293,000

Travel

\$ 38,007,000

BUSINESS GIFTS

\$ 193,698,000

CONSUMER PREMIUMS

Sweepstakes & Games

\$ 185,946,000

Direct Premiums, Trading Stamps

\$ 1,366,710,000

(1986 estimates
tabulated differently—
not comparable)

MISCELLANEOUS SERVICES

\$876,275,000

TRADE INCENTIVES

Sales-Force Merchandise

\$ 247,477,000

Travel

\$ 97,061,000

Dealer Merchandise

\$ 120,984,000

Travel

\$ 67,869,000

BUSINESS GIFTS

\$ 134,453,000

CONSUMER PREMIUMS

Mail-In Promotions

\$ 150,237,000

Other Premiums

\$ 58,194,000

(1986 estimates
tabulated differently—
not comparable)

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Incentive Marketing

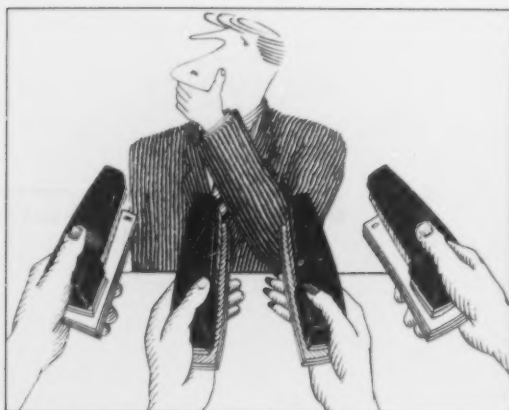
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INCENTIVE TRAVEL

Today's college students

**WEALTHY, WISE
...ELUSIVE**

How insurance firms
wow jaded
agents



How to make "me too" products stand out. See page 40.



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Look-alike products? 'Me too' commodities? Smart marketers tell how they keep dealers, sales reps and consumers focused on not-so-glamorous office supplies.

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While competition increases, annual turnover among hourly workers exceeds 300 percent.

Some chains stem the flow with group trips, scholarships, recruiting bonuses and productivity awards.

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Cover Photo: Image Bank

tape," said Mike Dampier, assistant manager at Tower Video in West Hollywood, Calif.

Sweepstakes also are a popular vehicle. Media Home Entertainment offered a "Be in my nightmare" sweepstakes to promote rentals of "Nightmare on Elm Street 3." The grand prize: a walk-on part in the next sequel or \$5,000.

CBS/Fox Video gave away a reconditioned 1958 Chevy convertible in its "Class of '60" sweepstakes for "Peggy Sue Got Married." Advertising encourages consumers to visit their local video store and reserve a copy of the tape.

"It is important to remember that the manufacturer doesn't get any additional income from rentals, so the game for them strictly involves getting the retailer to buy more," Baskerville said. If a sweepstakes coaxes consumers into expressing interest in a video, then the retailer is likely to buy

additional copies of the tape.

HBO Video used a sweepstakes in a more direct ploy to build retailer interest in its release of "Million Dollar Mystery," a flop on the big screen. The sweepstakes will award \$200 to 125 video viewers able to guess how much of the money hidden during the movie is never found. More importantly, every retailer purchasing a specially priced three-pack of "Million Dollar Mystery" cassettes will receive an equal share of \$100,000. In other words, if 1,000 retailers buy the three-pack, each receives \$100, said Eric Kessler, vice president of marketing for feature films at HBO Video in New York.

Special packaging promotions like HBO's are the latest wrinkle in the effort to boost unit sales. CBS/Fox recently sold a whopping 360,000 units of "Predator"—60 percent more than its original sales projection of 225,000 cassettes—with the aid of a specially priced two-pack. By purchasing

the two-pack rather than individual copies, retailers saved as much as 30 percent of the wholesale cost.

The Paramount Pictures Corporation is packaging three different titles together in a joint promotion with Konica U.S.A. Inc. Retailers purchasing the collection of six copies of "Summer School" and two copies each of "Campus Man" and "Summer Heat" receive 25 free rolls of Konica 35mm color print film (retail value \$75). Each tape carries a suggested retail price tag of \$79.95. Single-copy buyers wait an extra week for the titles, which come priced at \$89.95. The promotion features a second collection of titles, with a Konica 35mm Jump camera as the extra bonus.

"Promotions that package weaker films to stronger ones or re-releases of older titles to a new sequel encourage retailers to purchase more," Baskerville said.

—Aaron Sugarman

TURN TO PAGE 12

Gallup survey identifies American incentive travelers: 3 million in a year

More than three million Americans took incentive trips during the 12 months ending August 1987, according to a Gallup Organization study of airline passengers. This figure represents 6 percent of the 53 million who flew during that period.

Thirty-seven percent of incen-

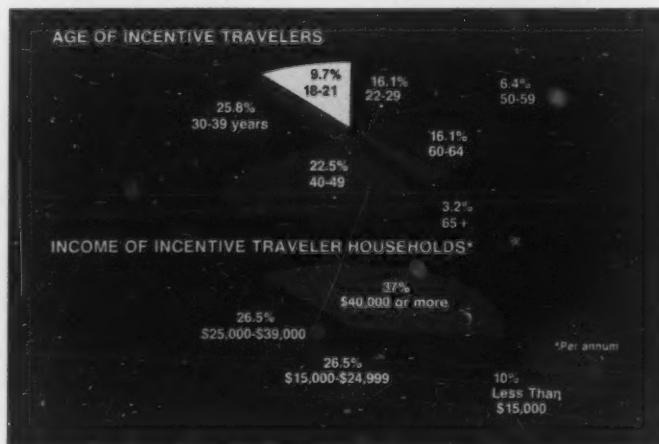
tive travelers earn \$40,000 or more, and 48 percent are between the ages of 30 and 49. A spouse or guest accompanied 51 percent of the incentive travelers, the study reported.

"Gallup's number of accompanied winners is much lower than what we have found in the past,"

said John Kiley, president of the New York-based Society of Incentive Travel Executives (SITE) Foundation, which cosponsored the survey along with the Air Transport Association. "There seems to be confusion around what is considered a true incentive and an incentive-like meeting. The inconsistency stems from this confusion. We hope to clarify it for next year's study." The survey described an incentive trip as "a recognition or incentive travel award paid for by your company or another company."

Most winners—61 percent—took a trip within the United States, while 17 percent said they visited an overseas destination. Eight percent claimed to have attended trips in both domestic and foreign locations. The remaining 14 percent took trips to Caribbean locations and were not sure if the destinations were U.S. possessions, according to Gallup.

The Gallup survey is subject to a sampling error of plus or minus 1.6 percent. It provides the first census of American incentive travelers, according to SITE.



Today's college students:



president and publisher of Whittle Communications' Campus Voice, based in Knoxville.

Many college students of today are a marketer's ideal consumer of tomorrow: educated and upscale. "You have to take the long-term view when marketing to this audience," said Edgar Smith, manager of national and dealer advertising for the Pontiac division of the General Motors Corporation, Pontiac, Mich. "We will often participate in programs just to get our name out there, even if we know immediate sales will not benefit."

But companies are looking for more than just a profitable future. About 13 million college students spend \$20 billion annually on discretionary purchases, according to the National Association of College Stores (NACS), Oberlin, Ohio.

A 1986 survey of 4,369 students conducted for NACS by Simmons Market Research Bureau, New

York, revealed that 61 percent of students had \$100 or more to spend a month on discretionary purchases, while 19 percent had \$250 or more. On average, students have just under \$140 a month to burn.

What does the college student buy? Clothing and health and beauty aids account for the greatest proportion of discretionary spending. But big-ticket items like consumer electronics, computers and automobiles frequently are purchased, too.

"This age group spends till it drops," said Steve Barnett, chief executive officer of Research and Forecasts, a New York-based consumer trend consulting firm. Research and Forecasts employs cultural anthropologists who do much of their research through direct observation.

While parents still dole out money to college-aged children, the majority of students acquire at least some of their money through employment. More than 50 percent of four-year undergraduates work part-time during the school year, while nearly 90 percent work at least part-time in the summer.

The immediate future of this target group is cause for some concern for marketers who watch statistics. A steadily decreasing group since 1984, the college-age population will bottom out in 1995 at 12.9 million—a drop of 11.2 percent from 1987, according to Signe Wetrogan, demographer in the projection branch of the U.S. Census Bureau, Washington, DC. After 1995, this age group is

WEALTHY, WISE ...ELUSIVE

College students are richer, more mature and more savvy than ever before. While marketing to these young people is profitable, it is not always easy to reach them.

By Joanne Levine

Marketing to today's college students is an investment in the future, as well as a means to cash in on an audience with money to burn and an eagerness to spend. The challenge is how to reach them.

College is a training ground for future consumer behavior. It is where many people get their first opportunity to make independent buying decisions. Many companies believe they can cultivate long-term loyalty by appealing to this sector. "If a product or service makes a positive impression the first time around, chances are the student will continue to be loyal to it," said Jim Omastiak, vice

expected to climb upwards—11.9 percent by the year 2000.

However, demographic shifts so far have not affected college enrollment. In 1985, there were 12.2 million college students, 7.7 million in four-year universities, according to the Department of Education in Washington DC. The projected college enrollment figures for 1990 equal 1985's numbers.

While college enrollment has been holding steady, students' values have not. The most notable change can be seen in the 1987 student's drive for money, power and status.

More than three-quarters of college freshmen feel that being financially well off is a "top personal goal," according to the 22nd annual survey of entering freshmen conducted by the Council on Education and by the Higher Education Research Institute at the University of California at Los Angeles. The lowest proportion of freshmen in 20

years—39 percent—put a significant emphasis on developing a meaningful philosophy of life.

Twenty years ago, the survey found that most students ranked a meaningful philosophy as more important than financial well-being.

Attending college is seen as a way to make more money, according to 71 percent of the freshmen.

This is reflected in the types

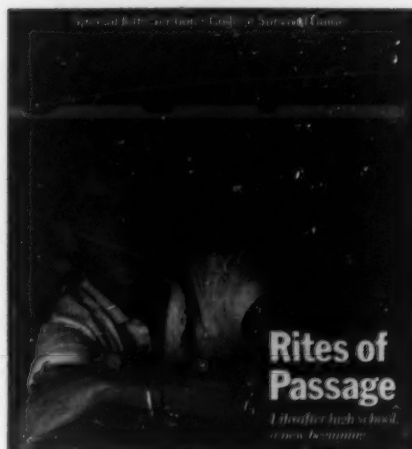
of careers students are choosing. Business and computer science are the most popular majors, while the number of students majoring in the humanities, performing arts and social sciences has taken a dive.

The search for financial security springs from the economic collapse of the 1970's—from skyrocketing inflation rates to massive layoffs—said Anne Clurman, senior vice president for Yankelovich Clancy Shulman, a marketing consulting firm in New York. "These students realize they can't take the economic future for granted," said Clurman.

Forces outside the family helped to shape the soul-searching introspective college student of the late 1960's and 1970's, said John Baker, research services director for Teenage Research Unlimited, a market research firm based in Levittown, N.Y. Vietnam, civil rights and the women's movement focused student attention on social agendas, said Clurman.

Politically speaking, the majority of today's freshmen call themselves middle-of-the-road. However, most endorse a number of traditionally liberal issues like legalized abortion and divestment in South Africa and oppose increased defense

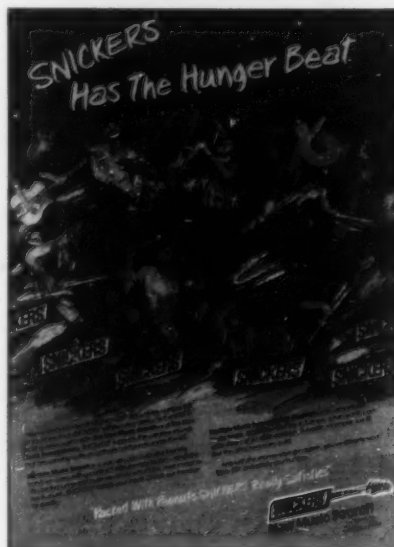
"Thanks to group living, it's easy for trends to start. It becomes monkey see, monkey do."



Advertisers have a good chance to be seen in magazines distributed free to students.



AT&T sponsors a sweepstakes at direct-sales booths on campus to gain undergraduate subscribers.



Snickers appealed to students' love of music with a "band search" and sweepstakes.

WHAT'S HOT

Fraternities/sororities
Cheap beer
Baked goods/snacks
Local bands
Technology
Vegetarian pizza
Briefcases
Cowboy boots
Skiing
Condoms
Dressing up
Texas coast
Fruit juice
Real fur
Computers/computer paper
Lacy, feminine clothing
Hair dryers
No-ID Clubs
Engagements
Answering machines

WHAT'S NOT

Beer-tasting parties
Beer with lime in it
Diet food
National bands
Politics
Regular pizza
Backpacks
Quilted snow boots
Fake tans
Promiscuity
Athletic wear
Fort Lauderdale, Fla.
Coffee
Fake fur
Video games
High-top sneakers
Neon
Drugs
Michael Jackson
Spuds McKenzie

Sources: Edward Solomon, president, Campus Dimensions, Philadelphia; Hans Stechow, director of marketing, National Association of College Stores, Oberlin, Ohio; Lisa Thatcher, associate editor, Campus Voice, Knoxville, Tenn.

spending by government.

Life in the home has more influence than external politics in shaping today's student. "Family structures have changed dramatically," said Baker. "Both parents work, and often it is a two-family household thanks to divorce." Children are left alone at a younger age, and the result is a more mature, realistic and responsible student.

While the tide of the "killer yuppie" is ebbing, said Clurman, marketers still have to deal with a more savvy, goal-oriented college student who looks for value.

Companies that want to reach the college audience face a paradox: Students are easy to find but hard to reach.

Traditional media advertising does not work, according to Edward Solomon, president of Campus Dimensions, a Philadelphia-based sales promotion agency. Not only do students live on a unique time schedule, they have very little spare time. Any type of promotional effort should have a short life span, advised So-

The only total resort experience in Las Vegas.

When planning your next business meeting or group activity, there's nothing else quite like the Desert Inn Hotel and Casino, located in the heart of the Las Vegas Strip. It truly stands alone as the *only* total resort experience in this dazzling

desert oasis, offering amenities other Las Vegas hotels and casinos can't.

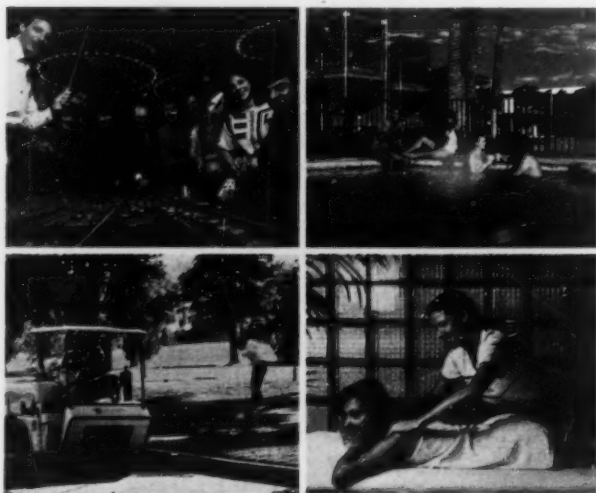
- Meeting facilities for up to 900 people
- An 18-hole P.G.A. championship golf course
- Night-lit tennis courts
- Health & fitness spa
- Four gourmet restaurants
- Star-studded entertainment
- Award-winning hospitality (American Automobile Association's Four Diamond Award).

Why settle for just a hotel when you're planning your next business meeting or group activity in Las Vegas? Enjoy the total Las Vegas experience at Las Vegas' *only* total resort — the Desert Inn Hotel and Casino.

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MEMBER
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Call for group reservations
(800) 634-6909.



College students have an average of \$140 a month to spend on discretionary purchases—everything from clothing to computers.

lomon. "Students do not have time to go on three-hour treasure hunts," he said.

On-campus advertising and promotions can have smashing results. "A campus is typically a small geographical area with a relatively large group of people working, eating and playing in the same

central places," said Solomon. "Word of mouth spreads quickly on a campus because it's a fairly homogeneous group of people with similar interests."

At least 16 magazines for college students are published by such powerful players as the McGraw-Hill Publication Company, News-

week Inc. and Time Inc. Most of these magazines are free and distributed on campus, and advertisers have a fairly good shot at being seen. As for on-campus events, sports sponsorships are popular. Since interest in sports is high on most campuses, said Solomon, schools with intramural teams welcome corporate sponsors.

College stores can be a terrific venue for promoters. No longer just bookstores, these retailers are mini-department stores. More than 500 product categories are sold in the average bookstore. "The marketer is guaranteed that walk-in traffic is the audience he wants to reach," said NACS director of marketing Hans Stechow.

When the Hewlett-Packard Company wanted to gain exposure on college campuses, it focused on the bookstores, Solomon said. Students could trade in an old calculator of any brand and receive a \$10 certificate towards a Hewlett-Packard calculator. Students also could enter a drawing for a \$100 Hewlett-Packard gift certificate.

Gift-with-purchase is another option for reaching value-oriented students. Josten's Inc., a maker of school rings, offered a 35mm Kodak camera with purchase. School rings, which were on a downswing for the past 15 years, have experienced a resurgence. "We needed a way to cut through the competition," said Tom Focke, director of marketing for Minneapolis-based Josten's. "Students are a well-educated buying group. They recognized this offer as a good value."

The promotion was offered at 900 schools. Although Josten's would not reveal the results, Focke said the company will use a gift-with-purchase offer again.

Costly as it may be, sampling can be an effective way to reach students. For a cost of \$195,000 each, more than 30 companies—including the makers of Excedrin, Fig Newtons and Cheer—place sample products in Whittle Communications' "Good Stuff" welcome kit. The sample kit reaches 1.31 million students living on more than 500 campuses. Companies can select a box geared to males, females or both.

Students are susceptible to sub-

STANLEY® Tool Sets \$50 to \$500

Here's how to keep your incentive programs in good repair—offer do-it-yourselfers a range of fine tool sets from Stanley in a wide range of prices. There's a perfect kit for everyone—apartment or condo dwellers, auto buffs, homeowners, even experienced tradesmen. And with the well-known Stanley name, the brand name made famous on network TV for superior do-it-yourself products, you know you've got a winner.

For information about Stanley tool sets or our many other popular incentive ideas, write or call us at Stanley Tools, Division of The Stanley Works, Incentive Sales Dept., New Britain, CT 06050, (800) 262-2161, Ext. 5923.



HOW COLLEGE STUDENTS SPEND THEIR FREE TIME . . .

(Mean hours per week)

Listening to FM radio	13 hours
Listening to records, tapes and CD's	9 hours
Watching T.V.	7.17 hours
Watching rented videotapes	4.76 hours
Participating in sports	4.62 hours
Going to fast-food restaurants	4.31 hours
Reading newspapers	4.22 hours
Shopping	3.56 hours
Reading magazines	3.14 hours
Going to the movies	3.07 hours
Working on a hobby	3.03 hours
Attending sports events	2.18 hours
Playing musical instruments	1.52 hours
Going to concerts	1.23 hours
Using PC's at home	1.23 hours

Note: Data collected from a survey of 18- and 19-year-old students by Teenage Research Unlimited, Lake Forest, Ill.

tle forms of peer pressure. "If a student likes a product he uses it. When he goes to take a shower and brings his shampoo, others see it. The shampoo registers with other dorm-mates who then may try it. It becomes monkey see, monkey do," said Baker of Teenage Research.

Spring break has become a popular promotion tie-in. Marketers have the chance to reach droves of students from all over the country who migrate to the beaches of Texas and Florida. The Rolling Stone Spring Break Showcase, in Daytona Beach, Fla., is a week-long trade show for college students. "For a cost ranging from \$5,000 to \$20,000, the promoters reach over 100,000 students," said Solomon, whose agency puts the program together.

The Miller Brewing Company often sponsors rock and comedy concerts during spring break in both Florida and Texas. Last year's celebrities included Bruce Hornsby and Howie Mandel. The brewer supports its spring break involvement with one million free-standing inserts dropped in college newspapers a week prior to the break.

"Sales fare well during this week, but the main objective is to build awareness around our name," said Steve Forsythe, public relations manager for Milwaukee-based Miller. "People reach drinking age in college. If we build

awareness of our brand and become the beer of choice, there is a good chance students will drink it for the rest of their lives."

Other Daytona Beach, Fla., spring-break activities include: a three-day Gatorade volleyball tournament; TDK's "Tape Your Own Voice" promotion, in which students sing with background music and get to take home tapes made by sound engineers, and Nair's "Best Legs Contest." All sponsors give away specialty advertising items like T-shirts, painter's and baseball caps, calendars and posters, said Solomon.

Other times of year are staples

for marketers. Since MTV Networks' image is best suited to the end of school, its annual promotion is a "School's Out Weekend" featuring telecasts from several colleges and a contest. The winner of "MTV's One to One Music Giveaway" in 1987 got to select a rock star—Howard Jones—to give a private performance at a local bar.

For AT&T, back-to-school is a critical time, because that is when students choose a long-distance carrier. "Students perceive AT&T as being priced 15 percent higher than its competitors," said Susan Budsock, college market staff supervisor for Baskingridge, N.J.-based AT&T. "In reality, the difference is about 3 percent. The first question students ask us is: 'Who is cheaper?'"

AT&T sets up direct-sales booths on more than 800 campuses to educate price-conscious students. To gain attention, scratch-off cards are handed out. Last year, the AT&T Long Distance Speedstakes featured such prizes as a 1988 Pontiac Firebird, a trip for two to London, a videocassette recorder, a mini-microwave and a telephone answering machine.

Why go to all this trouble? "Students move all the time, and promoting to them through direct mail is not always feasible," said Budsock. "We get a much better response being present on campus. AT&T claimed that it received more than 250,000 entry forms for its 1987 sweepstakes. ■

AND HOW THEY SPEND THEIR MONEY

(Mean percentage of discretionary income)

Clothing	14.6%
Groceries and toiletries	14.3%
Auto care	10.0%
Restaurants	8.4%
Bars and clubs	7.3%
Gifts	6.3%
Travel to visit family	4.6%
Travel for vacation	2.7%
Movies	4.0%
Concerts/theater	2.5%
Attending sport events	2.2%
Magazines/newspapers	1.9%
Participation in sports	1.9%
Cameras and equipment	1.2%

Note: Data collected from the National Association of College Stores, Oberlin, Ohio. The total does not equal 100 percent because not every one purchases items from each category.

4/14/88 C 1200-4 A
APRIL 1988

Incentive Marketing

A BILL PUBLICATION

INCORPORATING INCENTIVE TRAVEL

PREMIUM INCENTIVE SHOW - 50th YEAR

TRENDS

WHAT'S AHEAD IN MOTIVATION

PLUS:

- How car makers
cement dealer ties
- The high price of
phony promotions
- Legal Q & A
- Dealer FACTS survey

Corporate America has suffered a rude awakening. Persistent quality and productivity problems have forced executives to acknowledge that U.S. business needs more than spit and polish to meet the challenge of overseas competition. Capturing the incentive of American workers has become a top priority. . . .

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Exploring Asia. See page 62.



When the prize is too good to be true. See page 8.

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Decline of the Work Ethic?... 6

Quality and service can suffer when companies don't motivate all their employees—not just executives and salespeople.

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Companies have increased their emphasis on quality, according to 95 percent of American Productivity Center members.

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SITE University will feature a two-day program on sales and nonsales measurement.

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Traditional marketing techniques like focus groups and special events are not just for consumers. Productivity managers are turning them on employees.

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If your program promotes harmony between labor and management, it may be eligible for a grant.

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Underwater cameras...General Mills' TV derby...a most unusual radio...contemporary cruises...lackluster microwave cookware.

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What's ahead in this business? Integrated marketing—motivating employees to deliver the marketing promise—tops the list of trends. Information on New York Premium Incentive Show events follows the main story.

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In a market crowded with foreign competition, automobile manufacturers must work harder to strengthen vital dealer relationships.

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Sales results have dropped slightly in the past year, but marketers continue to increase dealer motivation expenditures. These are the survey results.

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Here are answers to some frequently asked legal questions, along with significant 1987 rulings.

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A foundering corporation created motivation programs that hinged on its ad campaign, earning the support of its salespeople and increased market share.

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For wide-range appeal and price options, electronics are hard to beat. And new products are always on the technical horizon.

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Not just an alternative to Europe anymore, the Orient offers exotic cultures, world-class hotels and service at affordable prices.

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Exploration's small, "adventurous" ships can be ideal for sales incentive programs.

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Greece campaigns for the 1996 Olympics.

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PREMIUM INCENTIVE SHOW • 50th YEAR

TRENDS

WHAT'S AHEAD IN MOTIVATION

CONTINUED FROM COVER

Companies have discovered that it is not enough to motivate consumers and dealers to buy or salespeople to sell. They must motivate employees to deliver the marketing promise.

Leading-edge corporations no longer view consumer promotion as a separate entity from sales and other employee motivation campaigns, according to Forest Harwood, chairman of the Promotional Marketing Association of America, New York, and manager of consumer promotion for Frito-Lay Inc., Plano, Tex. "For a consumer promotion to have maximum impact, companies have discovered that they must motivate their internal staff to do a better job of selling and serving," Harwood said. What has emerged is an intimate link between internal and external marketing.

"This country suffers from a lack of service," said Philip Lynch, president of National Premium Sales Executives, Union, N.J., and also of Carlisle Marketing, Larchmont, N.Y. "We've become so mass merchandise and price-oriented that service has eroded in all sectors. Companies realize that better service along with good quality products get customers to buy."

The new stress on quality has focused more attention on incentive programs as a means of motivating all employees. Viewing all workers as salespeople, companies increasingly borrow from established sales motivation methods in their nonsales efforts. And that means noncash incentives like merchandise and travel will be used more frequently.

"People perceive cash as compensation," said Jeff Strayer, president of the Incentive Manufacturers Representatives Association, Naperville, Ill., and vice president of Marketing Motivators Inc., Canton, Ohio. "Once they get it, they expect to receive it the following year despite their productivity level.

However, merchandise or travel is perceived as a reward, as recognition for achieving a goal."

This helps explain why noncash awards already have made such inroads in sales motivation. In its 1987 survey, "People, Performance and Pay," the American Productivity Center found that noncash awards were used in sales incentive campaigns by more than half of the 1,600 respondents.

According to the report, "only 19 percent of respondents could make an estimate of the incremental sales or revenue due to their traditional salary with commission compensation plans. In contrast, 35 percent could say what they got from special cash bonuses and 47 percent were able to provide data on

the incremental value of noncash incentives."

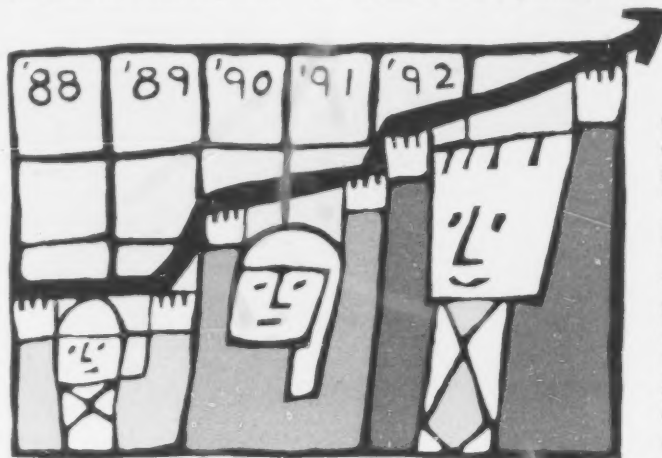
Why do corporate executives use non-cash awards? Twenty-six percent cited their "trophy value"; 22 percent said they are more promotable than cash; 18 percent said they are more flexible than cash; 10 percent said they avoid confusion with compensation; 9 percent said noncash awards are less expensive than cash,

and 4 percent said noncash awards are consistent with customer incentives.

The study indicated that noncash awards already are appearing in a wide variety of incentive programs geared to nonsales employees.

The trend is confirmed by a study of buyers who attended last year's Incentive Travel & Meeting Executives Show in Chicago. Conducted by Ralph Head & Associates for Hall-Erickson Inc., the show sponsor, the study found that 16 percent of buyers at the show purchased travel for nonsales employees in 1987.

"Companies are spending more money on their employees, dealers and distributors to maintain their loyalty," said Fay Beauchine, president of the Society of Incentive Travel Executives, New York, and director of meeting, incentive and tour sales for Northwest Airlines, Minneapolis. She believes that travel awards offer culturally enriching experiences



DAVID DIEHL

Motivation is a major concern

These are today's top human-resource issues, according to a recent survey of 494 companies.

Productivity improvement	57%
Compensation/rewards	57
Training and development	30
Succession/human-resource planning	8
Recruitment	8
Morale	8
Participation/communication ..	8
Appraisal/evaluation	7
Culture change	7
Structure reorganization	6
Strategy/direction setting	6
Turnover	5
Quality improvement	3

Source: Hay Management Consultants, Chicago

—an important complement to the material needs met by cash compensation.

Sales motivation, the fastest-growing incentive category during the past decade, will continue to expand. "As executives refine their methods and measurements in

sales-force motivation, effectiveness will be enhanced," said Richard MacDonald, president of the Association of Retail Marketing Services, Red Bank, N.J., and premium sales manager for the Black & Decker Corporation, Hunt Valley, Md.

"More marketers are cracking down on the rules, evaluating the promotion and making sure that objectives are met," added IMRA's Strayer.

The continually growing sophistication of sales motivation users leads to more careful and creative selection of incentive awards. For example, companies are using more individual travel awards, which reward performance but eliminate the problem of having too many people out of the office at one time.

But none of this activity has supplanted the importance of building customer loyalty. "One-shot trial is no longer good enough," said PMAA's Harwood. "Companies need to lock in a consumer's loyalty for a brand, service or store over a period of time." Continuity programs like fre-

quent-buyer offers help companies communicate their image through the use of quality awards, he said.

Thanks to computers and automated inventory and checkout systems, marketers have more demographic information to target marketing campaigns to specific audiences, said NPSE's Lynch. Database marketing has given birth to more "account specific" promotions. "Manufacturers and retailers are no longer adversaries, but partners," said Joseph Flanagan, president of the Council of Sales Promotion Agencies, New York, and president of Impact, a Chicago-based sales promotion agency. "Manufacturers are looking to develop specific programs that will meet the needs of individual retailers."

Checkout scanners that can selectively deliver coupons and other promotional material will further refine the targeting process. ■

—Joanne Levine

50th year for N.Y. show

The Premium Incentive Show, which celebrates its 50th anniversary in May, sports a new look for 1988: 32 islands of travel exhibits interspersed on two levels of merchandise booths.

As part of its anniversary celebration, the New York show will feature a retrospective of "classic" incentive promotions created during the past 50 years. Some of the promotions are:

- Silver Dust Dish Soap's 1939 in-pack dish towel;
- "Bring Them Back to Chevrolet," which offered merchandise prizes to dealer employees for winning new service customers and signing up wholesale parts accounts in 1947;
- General Mills' 1947 self-liquidator, which offered a 14-piece cake set for \$1 and a Softasilk Cake Flour box top;
- Fedders' 1954 travel incentive for air-conditioner dealers, which offered a five-day trip to Florida with purchase of 45 units;
- Quaker Oats' 1955 "Gold Rush," which tied into the company's "Sergeant Preston of the Yukon" radio show and offered an in-pack deed to one square inch of

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22" weekender, 20" carry on, 13"
tote and 10" make-up/shaving bag.
Sugg. Retail
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(not pictured)
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in lots of 4; \$64.50
in lots of 100
Sugg. Retail
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Sales results have dropped slightly in the past year, but marketers continue to increase dealer motivation expenditures.

FACTS

DEALER INCENTIVE SURVEY

Trade motivation programs are delivering a little less sales growth than they have in the past three years. But the results are still sound, and marketers are adding as much to their dealer incentive budgets this year as they did in 1987. Last year, users spent an estimated \$2.5 billion on non-cash incentives for retailers, wholesalers and other middlemen. Now, a reader survey finds that they are boosting budgets another 4 percent this year.

The average sales gain, reported by 138 companies in a reader survey, is 16.2 percent. This comes after three years of increases above 18 percent. The median, however, has held steady at 15 percent for five years.

In most earlier surveys, users indicated that actual results were slightly better than their original targets. This year, however, the average goal is more than a point higher than reported results: 17.5 percent.

If some are disenchanted with these recent sales

figures, they have no cause for complaint about the cost of their programs. Measured as a percentage of incremental sales, the median cost of dealer incentive campaigns is 10 percent, exactly as it has been for five years.

Distributors and wholesalers are the biggest target group for these incentive users, mentioned by 56 percent. About 39 percent aim promotions at retailers, 24 percent at commercial and industrial dealers, and 13 percent at service contractors. A considerable "other" category, mentioned by 22 percent of survey respondents, includes insurance brokers, beauty salons, direct-selling agents, farm stores, etc.

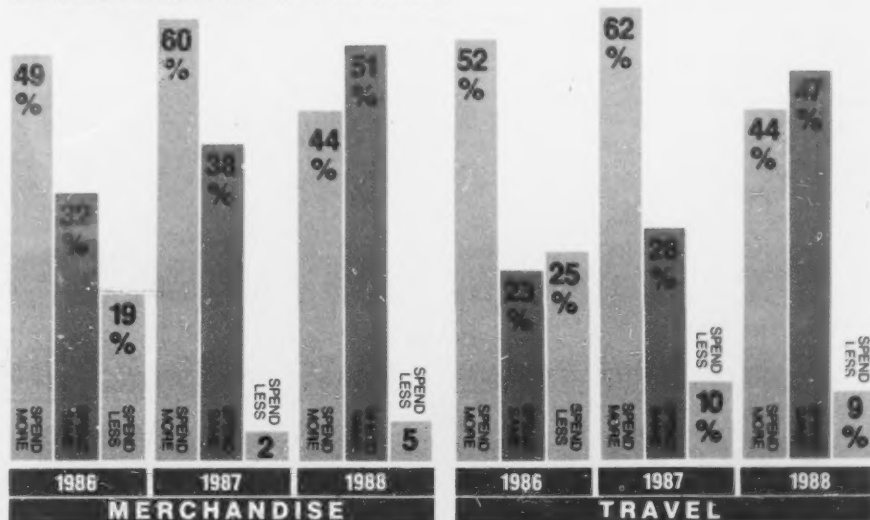
In the retail category, specialty stores account for 15 percent; grocers, 10 percent; variety or department stores, 7 percent; drugstores, 4 percent, and service stations, 3 percent.

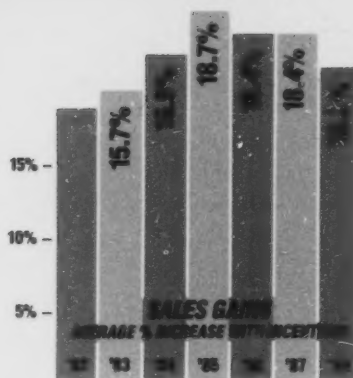
Participation has held steady since last year's study, with an average of 53.5 percent accepting incentive promotions.

Users of incentive travel are doing the most

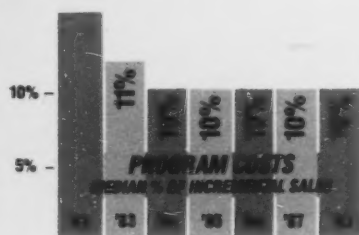
LOOKING AHEAD

SPENDING PLANS FOR DEALER INCENTIVES





SALES GAINS OFF; COSTS STEADY



Measured as a percentage of incremental sales during the promotion period, the median cost of a dealer incentive campaign is 10 percent.

restructuring this year. The cost of travel awards has zoomed to a record high. The average trip cost per winner is now \$2,221, compared with \$1,797 a year ago. The median has risen to \$1,775 from last year's \$1,500. The *per-person* average has climbed to \$1,222, from \$1,113 a year ago.

With merchandise, these executives have held the line much better. The median unit cost has dropped back to \$50, after a jump to \$60 a year ago. The individual average cost is \$228, up from \$188.

With the higher costs of travel, it is not surprising that travel users plan to increase their spending this year more than those who offer merchandise. Within the overall 4.7-percent increase in expenditures, travel dollars are up by 5.9 percent, while merchandise outlays are expected to go up only 4.1 percent. The typical user spends 85 percent of his budget on the purchase of merchandise and travel awards, with the remainder going toward promotion.

Travel users continue to run one such promotion a year. But in promotions featuring merchandise, the users show a median frequency of two, compared with three last year. And the incidence of combination promotions, offering both merchandise and travel, has dropped from a median of two a year to one.

Planning these campaigns takes a major commitment of time. Users in the survey tell us that, on average, they spend 14 weeks planning a merchandise-based promotion and 28 weeks on travel.

Robert G. Ikola, advertising



HOW THEY DO IT

WHO MAKES FINAL BUYING DECISION

- 57% President, CEO, exec. VP or gen. mgr.
- 31% Director of sales or marketing
- 7% Director of advertising or sales promotion
- 5% Product manager or merchandising manager

HOW DEALER INCENTIVES ARE PROMOTED

- 75% Company sales force
- 43% Direct mail
- 29% Dealer sales meetings
- 21% Literature with product
- 19% Trade shows
- 18% Wholesalers or brokers
- 9% Trade-paper ads

WHEN MOST PROMOTIONS ARE LAUNCHED

- | | |
|-------------|---------------|
| 17% January | 7% July |
| 6% February | 6% August |
| 11% March | 12% September |
| 8% April | 10% October |
| 5% May | 4% November |
| 8% June | 5% December |

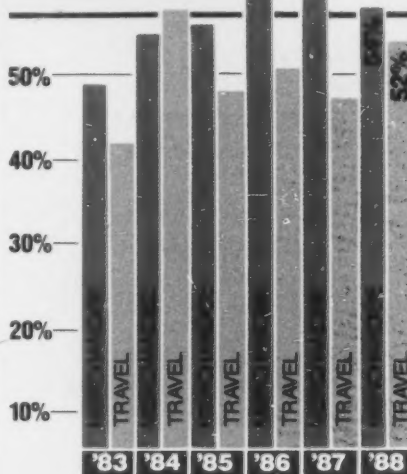
manager of Sammons & Sons, Lynwood, Calif., a maker of materials-handling supplies, says he devotes a full year to planning his incentive trips, researching "avenues, costs, time for trip, etc." He works with a travel agent. The group trips are promoted mainly through the sales force, with only 1 percent of the budget allotted for promotional materials. The actual campaign is only 12 weeks long but yields a 25-percent sales increase among participating distributors.

Planning a merchandise program can be difficult, too. Selecting a single item to appeal to the dealer audience is not easy. And then you have the problem that haunts James J. Badgero, marketing manager at Ralph Shrader Inc., Detroit, who offers incentives four times a year to dealers of the company's petroleum products: "dealers finding the chosen item for sale at retail cheaper than we can buy it through the incentive house or rep agency."

But the main concern of every incentive planner was voiced by H. Pierce Pelouze III, vice president

DEALER PARTICIPATION

% ACCEPTING PROMOTION



Participation has held steady, with an average of 53.5 percent accepting incentives.

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"Come close. I must whisper."

It's me, Patrick Delaney.

Once, I was a proud spokesman for group travel to Ireland. But Patrick Delaney of The Irish Tourist Board, who shares my name, but lacks my passion, sacked me. For, among other crimes, calling seaside resorts boring piles of sand.

Now I sing my love for Ireland while on the run.

I bought this space to thank all of you who have warmed my exile with requests for the incendiary letters that made Delaney frantically apologize for, and then fire, me.

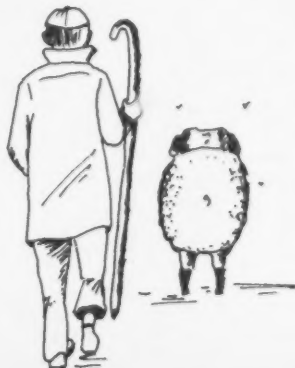
Delaney thinks he's muzzled me. Never! Though his thugs hound me, my computer is portable and I have lots of stamps. My mission continues: to tell you why you must never, ever consider a meeting or incentive destination other than my green, beautiful, affordable Ireland.

Get on my ultra-secret unauthorized mailing list. I'll tell you more.

Send your name and address to:

Patrick Delaney
PO Box 9879
Bridgeport, CT 06699

And don't tell anyone where you saw me.



WHAT CAN DEALER INCENTIVES DO?

% OF RESPONDENTS REPORTING EACH OBJECTIVE

49%	INCREASE OVERALL VOLUME	20%	BOLSTER SLOW SEASON
34%	INTRODUCE NEW PRODUCT	15%	OFFSET COMPETITION
34%	SELL NEW ACCOUNTS	15%	BUILD DEALER TRAFFIC
29%	MOVE FULL LINE/ SLOW ITEMS	11%	SUPPORT CONSUMER PROMOTION
21%	IMPROVE MORALE/ GOOD WILL	10%	PREPARE FOR STRONG SEASON

of promotion for the Campbell Soup Company, Camden, N.J.: "The greatest challenge is to develop incentive programs that will be innovative and motivating. As in advertising, overcoming the clutter of dealer or consumer incentive programs represents a problem on one hand and a significant opportunity on the other."

It is this challenge that keeps marketers working at incentive programs and trying to match them effectively with selling needs. Those needs fall into 10 categories in the survey. The most popular choice—the catchall, "to increase overall volume"—has been declining for the past few years. In the latest survey, it falls below a majority vote for the first time: Just 49 percent cite it as a key objective in their dealer motivation programs.

In place of such vagueness are

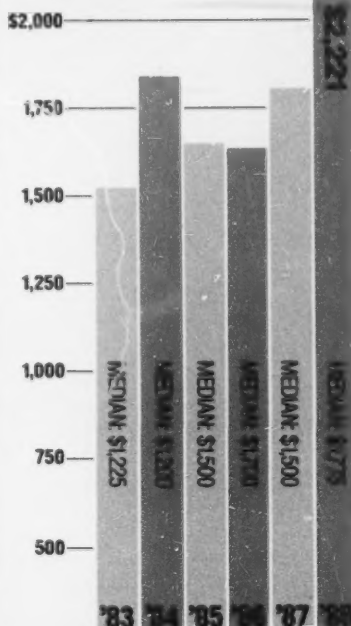
more specific goals like selling new accounts and introducing new products, both chosen by 34 percent of survey respondents.

Forty-eight percent of the marketers design their promotions to benefit a limited group of items in their lines. Full-line promotions are favored by 36 percent, while the remaining 16 percent focus their efforts on a single product.

Whatever the specific objectives addressed to get there, these dealer incentive users should realize more than \$26 billion in sales that they might not have reached otherwise.

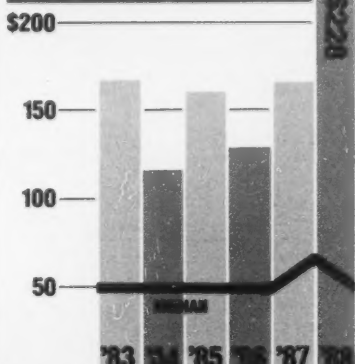
TRAVEL AWARDS

AVG. UNIT COST



MERCHANDISE AWARDS

AVG. UNIT COST



TOURIST CONSUMER PRICE INDEX

The chart is designed to compare the cost of one city against another. The numbers are not cost figures but indexes. To interpret the table, use Singapore as a base. All other numbers should be measured against Singapore's 100. For example, Hong Kong's hotel accommodations are slightly more than double the cost of Singapore's.

Cities	Hotel	Food & Beverage	Local Transport	Sightseeing	Composite
Singapore	100.00	100.00	100.00	100.00	100.00
Hong Kong	202.04	99.96	81.51	109.27	151.76
Bangkok	135.08	89.49	165.63	121.41	117.70
Tokyo	323.63	231.74	524.39	266.13	293.47
Jakarta	181.40	87.68	117.02	106.71	137.80
Kuala Lumpur	97.30	93.71	94.93	86.26	95.26
London	269.52	229.97	352.54	208.95	254.73
Paris	289.56	221.42	219.64	261.34	258.02
Honolulu	172.99	197.28	231.42	330.03	192.50
Los Angeles	213.05	185.18	344.19	390.42	216.03
Sydney	170.01	141.58	151.88	125.24	155.83
Manila	156.23	79.32	32.73	201.60	122.18
Seoul	230.03	134.22	81.51	168.37	182.42

Note: This study was conducted for the Singapore Tourist Promotion Board by Price Waterhouse in April/May 1987.

chard and Scotts Roads boast complex after complex of stores, most of which remain open until 10 P.M. Indigenous crafts like Chinese pottery and pewter goods are available at half the U.S. cost.

Other practical reasons make Singapore a good choice for incentive groups. "Singapore is a safe, English-speaking country with a good infrastructure," said Gary Cook, former director of sales and marketing for the Westin Stamford and Westin Plaza in Singapore. "Singapore's service, choice of hotel rooms and value for the dollar are even more compelling."

Planners have a broad choice of hotels from the 235-room colonial-style Goodwood Park to the ultra-modern 462-room Sheraton where 24-hour butler service is provided to each guest. Thanks to a glut of hotels, rooms rarely cost more than \$75.

HONG KONG

Hong Kong offers world-class hotels, creative suppliers, fine service and an electricity that cannot be put into words, according to incentive travel experts.

And the British crown colony is a leader in promoting itself as an incentive destination, said PATA's Picolla. Witness the steadily increasing visitor arrival rates over the past decade: In 1987, Hong Kong welcomed close to 800,000 Americans—a 17.6-percent jump over 1986, according to PATA figures.

Hong Kong's reputation has enabled it to be a seller's market over the last few years. With demand for rooms outstripping supply, hotels have been hovering at 90-percent occupancy.

The situation may change, however. More than 8,000 new rooms are planned for Hong Kong by 1990, said Mark Barrett, national

Hong Kong's harbor is reputed to be one of the most beautiful in the world.

sales manager for the Hong Kong Tourist Association's convention and incentive travel bureau in Chicago. Marriott, Hyatt, Nikko and Shangri La are among those chains opening up properties.

When planning activities, begin by asking suppliers about possibilities centered on Hong Kong's harbor, reputed to be one of the most beautiful in the world. An introduction to the active harbor can be made by transferring a group from the airport by Chinese junk. Hong Kong-based Jetway Express Limited's "Oriental Dragon" holds up to 100 passengers.

Planners also can arrange for a sunset cruise aboard a Chinese junk, followed by dinner at a floating restaurant. Or charter a junk after dinner and let winners eat

dessert and sip cognac while they view the sparkling lights of the city.

A one-hour cruise to Cheung Chau Island offers a good contrast to the bustling principal island. The island boasts a beach, a rural market and no cars. In addition, the small fishing village is an ideal place to run a treasure hunt, said Barrett of the tourist association. The "treasures" can be souvenirs for winners to keep.

Lantau Island, also an hour away, is another option for planners. Winners can visit the Lo Pin monastery, reportedly home to the world's largest free-standing Buddha statue. Surrounded by a tea plantation, guests can eat a vegetarian lunch prepared by the monks.

The principal island of Hong Kong has long been considered a low-priced shopping mecca. "It is particularly appealing for Americans now, as their dollar has deteriorated in so many parts of the world," said Danielson.

However, with myriad stores to choose from, shoppers may not know that Stanley Street is the place for cameras or that Hollywood Road is a must for antiques. Fashion and shopping experts can solve the dilemma, according to Susan Alpert, president of International Travel Incentives, Santa Ana, Calif. Over breakfast, her group of floor-covering principals received a crash course on what Hong Kong has to offer. After the talk, the professional shoppers accompanied groups of about 10 into different districts.

For non-shoppers, there are many sporting opportunities—from horse racing to yachting to golf. Most of the sports boast private clubs that can be rented out.

"A day at the races enables winners to get an inside view of the locals," said Jane Schuldt, president of Pacific World Inc., Minneapolis. "Horse racing is a favorite pastime in Hong Kong. More money is bet at these tracks than any other in the world." Planners can rent a private box to view the races and have lunch or dinner at the exclusive Royal Hong Kong Jockey Club. The track's profits go to charity.

Another favorite activity is tai chi chuan, an ancient Oriental art. Planners can arrange breakfast with an instructor who will ex-

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MAY 1988

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MANAGING AND MARKETING THROUGH MOTIVATION

Success Through People

**A new era in the way
America does business**



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Hotels clean up their act
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- ▶ **CONSUMER PROMOTION SURVEY**

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INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

MAY 1988

84th YEAR, VOL. 162, NO. 5

FROM THE EDITOR

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Our new name, **INCENTIVE**, reflects a change in the way American companies do business. Emphasis is on people—both customers and employees.

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Cover illustration by John Sinks

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Courting newlyweds. See page 45.

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FACTS SURVEY

Consumer Incentives

Marketers anticipate a slow year in consumer promotion spending and results.

A case of economic jitters seems to have hit consumer incentive users, resulting in stagnation of 1988 promotion planning. After a spending increase of 6.5 percent last year, a sample group of marketers in an **Incentive** survey predicts a budget rise of just 1.9 percent for this year's consumer incentives.

Most of these users—137 companies in a broad range of industries—gave their estimates early in February, a time when many were a bit shaken by reports of plummeting consumer confidence and bulging inventories. Those are often signals to promote more aggressively, but many marketers evidently were still feeling October shock waves.

Consumer promotion in 1987 came out of just such a slump: 1986 showed almost no increase in incentive spending. The question now is whether these early 1988 reports represent a short-term breather or another yearlong hiatus in the making. Quite a number of the survey respondents indicated some doubt about their planned expenditures for this year, perhaps leaving the door open for acceleration.

The hottest growth categories in 1987 were the relatively small sweepstakes and contests, up about 16

percent over the year before, and factory-packs, which rose by 9.5 percent. The biggest segments rose more slowly: self-liquidators up 3.9 percent and direct premiums rising 6.9 percent. Free mail-in offers

showed strength with an estimated 8.1-percent increase in expenditures for 1987.

Users in the latest survey show continued enthusiasm for the modest factory-pack category, with a 10.4-percent projected increase, but have allotted only an additional 1.5 percent for sweepstakes and contests. Self-liquidators are expected to be up 3.2 percent, while other direct premiums are standing still with a 0.8-percent increase.

Last year's total consumer incentive spending by manufacturers and distributors came to an estimated \$3.93 billion, split about evenly between mail-in offers and direct premiums including coupon plans. Retailer-sponsored promotions accounted for another \$1.55 billion. (The 1988 survey, concerned with product promotion trends, did not include retailers.)

The most aggressive industries in consumer promotion last year were petroleum products, up 13.3 percent, and auto parts, tires and accessories, up 12.3 percent. The big loser was the feed, fertilizer and farm supply industry, which slashed 11.7 percent off its previous-year budgets.

Marketers in the latest survey are not getting the results they experienced in the past few years. Expected

sales increases with a consumer incentive offer averaged near 19 percent in 1986 and 1987, and above 20 percent in the two preceding years. Users now report a yield averaging only 16.1 percent. The median, which had been at 15 percent for some time, has fallen significantly to 10 percent.

There also is a slight pull-back in the number of promotions conducted by these users. This year's survey shows a median of three mail-in promotions and three direct premiums used by marketers each year. A similar group last year ran one more direct-premium offer.

Direct mail is the most popular way to communicate consumer incentive offers—favored by 59 percent, the survey found. Point-of-purchase is second on the list, favored by 32 percent. Here is the way eight media listed in the survey questionnaire stack up:

- ▶ Direct mail..... 59%
- ▶ Point-of-purchase..... 32%
- ▶ Newspapers..... 31%
- ▶ Trade publications..... 23%
- ▶ Consumer magazines..... 17%
- ▶ TV or radio..... 13%
- ▶ On-package..... 10%
- ▶ Sunday supplements..... 9%
- ▶ Other..... 7%

1987 ROUNDUP

Up last year: sweepstakes and factory-packs (below left); spending by the petroleum and auto products industries (above right); self-liquidator prices (below right).

RESPONSE RATES

MEDIAN NUMBER OF RESPONSES PER 1,000 ADVERTISING EXPOSURES FOR MAIL-IN OFFERS

	PRINT	BROADCAST	DISPLAY	PACKAGE
▶ Self-liquidator under \$10	21	9	8	6
▶ Self-liquidator \$10 or more	10	7	4	4
▶ Free mail-in offer	20	*	20	15

*Insufficient data

Newspapers have lost some support with these users, declining from 40-percent usage a year ago. Trade publication advertising has increased from 16 percent. Respondents report that, in 59 percent of cases, they advertise the retail values of items offered.

For companies that market products through retail stores, a major function of promotion is to increase use of point-of-purchase display materials. Results here also show some disappointment among users. This year's executives find only a 26-percent gain in display use during in-

Top 10 Consumer Incentive Users (1987)

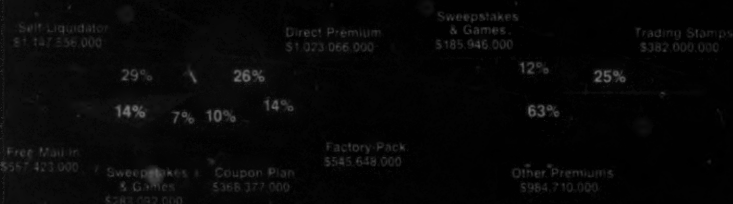
\$1,122,692		Food Products
\$378,679	Toiletries & Cosmetics	
\$115,770	Beer, Ale, Soft Drinks	
\$112,431	Savings & Loans	
\$107,522	Detergents	
\$106,754	Publishers, printers, etc.	
\$100,730	Petroleum	
\$95,227	Housewares	
\$93,533	Auto Parts, Tires, Accessories	
\$81,044	Insurance	

Percentage of Field Represented By Top 10

59%

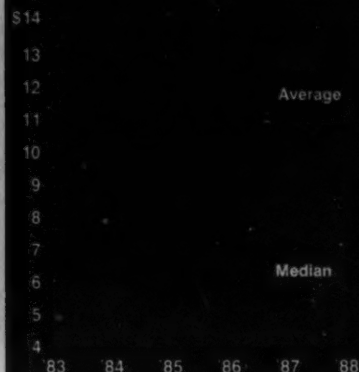
(All Figures in Thousands)

1987 Consumer Incentive Usage



*includes manufacturer's distributors and wholesalers

Self-Liquidator Prices



SUMMER



AUTUMN



WINTER



SPRING



Whatever the season, you're sure to reach new clients with Sevylor's customized premiums. The Roman Lounge, Kayak, Snoboggan, and the Super Caravelles are just four great examples why Sevylor has been the world leader in inflatable boats and action sports products since 1948.

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Direct mail is the preferred advertising medium for consumer incentive offers, the survey finds.

centive promotions, on average—a drop from 38 percent reported last year.

This year's reports show the average price of a self-liquidator is \$14.38. Any average, however, may not reflect the true value given to the consumer. The term "self-liquidating" has become a misnomer in recent years. We asked users what percentage of the actual premium cost is covered by the customer's payment: In four consecutive surveys, the average has dropped from 93 percent to 85 percent to 75 percent to 69 percent this year.

On the other hand, this price relationship is muddled by the sleight of hand and eight-point type that adds "postage and handling" to the boldly advertised price. In some instances, those charges seem to have little relationship to the actual cost of moving the merchandise to the customer. There is a substantial decline in the incidence of these charges among this year's survey respondents. A year ago, fully 76 percent said they added postage and handling charges; this group did so in only 47 percent of cases.

Perceptions change as to where the threshold of falling response lies as the self-liquidator price rises. This year, users' answers averaged \$27.49, up from \$24.35 in the previous survey. The median is between \$10. and \$11.

There is little change this year in the marketers' practices with free mail-in offers. As a percentage of the retail product purchase required to qualify, the free item cost respondents an average of 25.9 percent. The proofs of purchase required averages 2.5.

With factory-packs, users spend an average of 17.4 percent of the purchase price, with a median of just 7.5 percent.

CONTINUED ON PAGE 59

**Users report that only 69 percent
of a self-liquidator's cost is covered by
the customer's payment.**

In achieving objectives, direct premiums score highest in seven of nine purposes. The widely used self-liquidator is best in cost-effectiveness.

To select the right incentive item and get some idea of its pulling power, many users test their promotions in some manner before running full-scale promotions. Forty-four percent test mail-in offers, while 49 percent test other offers. Sixty-one percent note a preference for items that relate to the products with which they are offered.

We asked these marketers their preference in testing methods. As usual, personal interviews are favored, but by 45 percent versus 51 percent last year. Consumer panels have risen in favor, and almost twice as many users now like package inserts and bounce-backs (in which the consumer sends back a reply card) to measure an item's appeal. This is

how they voted for eight different methods of testing:

- ▶ Personal interviews..... 45%
- ▶ Single offer by mail..... 26%
- ▶ Mail questionnaire/ballot... 22%
- ▶ Consumer panel..... 19%
- ▶ Bounce-back..... 16%
- ▶ Package insert..... 14%
- ▶ Newspaper split run..... 10%
- ▶ Store panel..... 7%
- ▶ Other..... 5%

Executives report an average test accuracy of plus or minus 26 percent; only 59 percent are happy with the way their tests help forecast promotion results.

The people who direct the tests, read the results and make the final decisions on consumer incentives are: top-management executives in 55 percent of cases; directors of sales or marketing, 26 percent; directors of advertising or sales promotion, 11 percent, and product or merchandising managers, 8 percent. □

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59

EFFECTIVE TECHNIQUES

% OF CONSUMER PROMOTION USERS WHO CONSIDER EACH TECHNIQUE MOST EFFECTIVE FOR REACHING EACH GOAL

	▶ GET SHELF ATTENTION		▶ SELL-IN TO DEALERS		▶ BOOST REPEAT SALES	
BEST	DIRECT PREMIUM	21%	DIRECT PREMIUM	33%	DIRECT PREMIUM	29%
	FACTORY-PACK	12%	COUPON PLAN	7%	FREE MAIL-IN	19%
WORST	SELF-LIQUIDATOR	2%	SELF-LIQUIDATOR	3%	FACTORY-PACK SWEEPSTAKES	2%
	▶ SALES TALKING POINT		▶ BUILD USER GOOD WILL		▶ GAIN AD READERSHIP	
BEST	DIRECT PREMIUM	22%	DIRECT PREMIUM	28%	FREE MAIL-IN	17%
	FREE MAIL-IN	7%	COUPON PLAN	21%	DIRECT PREMIUM	12%
WORST	FACTORY-PACK	5%	SWEEPSTAKES	3%	FACTORY-PACK	2%
	SELF-LIQUIDATOR	5%				
	▶ OBTAIN STORE DISPLAYS		▶ SAMPLE NEW USERS		▶ COST-EFFECTIVENESS	
BEST	DIRECT PREMIUM	38%	DIRECT PREMIUM	21%	DIRECT PREMIUM	19%
	FREE MAIL-IN	7%	FREE MAIL-IN	19%	SELF-LIQUIDATOR	19%
WORST	SELF-LIQUIDATOR	3%	SWEEPSTAKES	1%	FACTORY-PACK	2%

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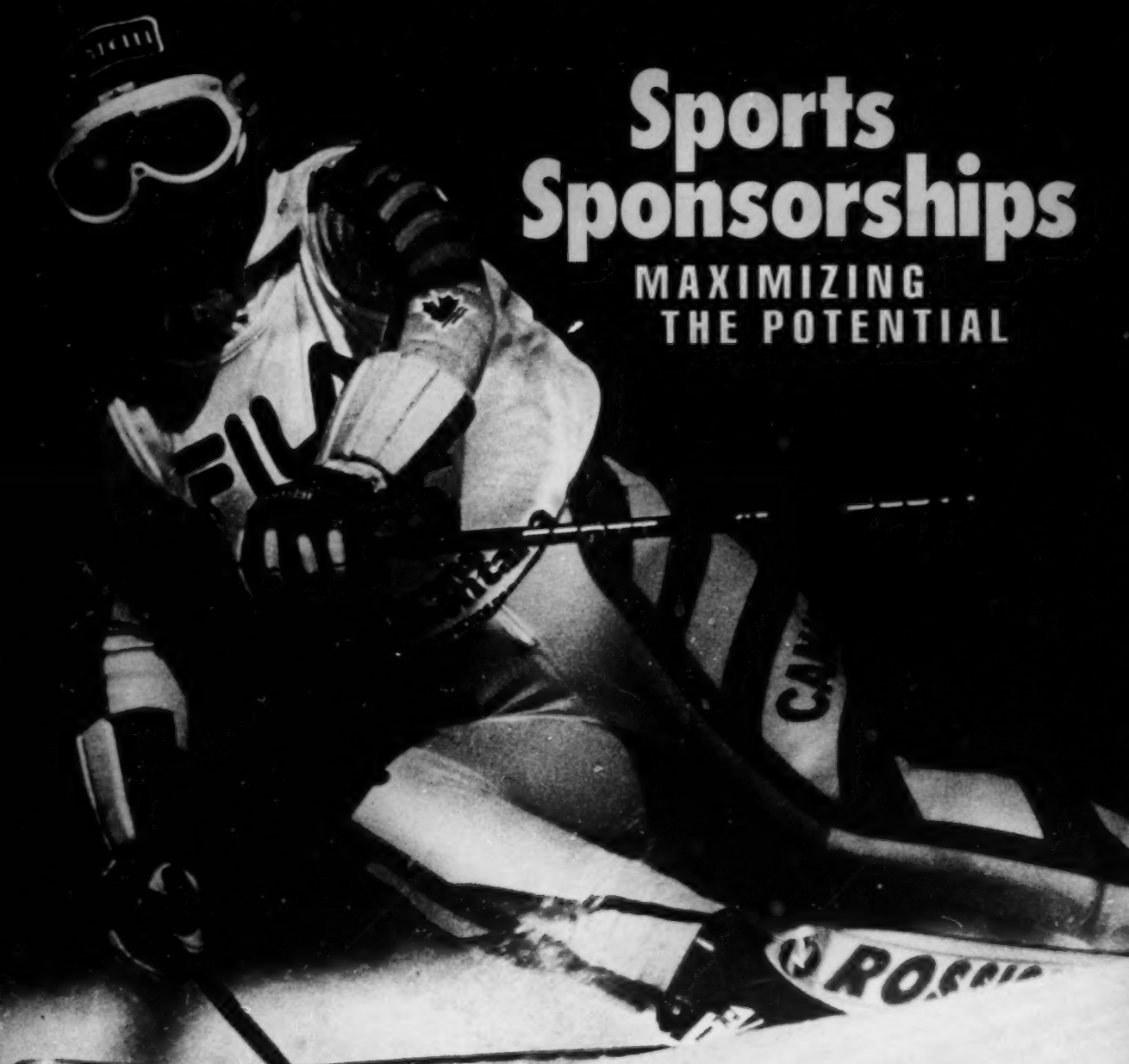
JUNE 1988

INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

Sports Sponsorships

MAXIMIZING
THE POTENTIAL

- 
- ▶ SHOPPING SPREES: WHO'S THE REAL WINNER?
 - ▶ FIRST FACTS SURVEY ON EMPLOYEE MOTIVATION
 - ▶ BAXTER HEALTHCARE'S BLUEPRINT FOR QUALITY

A BILL PUBLICATION • FORMERLY INCENTIVE MARKETING, INCORPORATING INCENTIVE TRAVEL

INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

JUNE 1988

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INCENTIVE covers the methods used by organizations to motivate customers at all levels to buy and employees to work more effectively.

Cover Photo: Focus on Sports

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Sports sponsorship is more than just plastering your company's name across a race car. Use the sponsorship as a focal point for a comprehensive motivation campaign.

BY JOANNE LEVINE

Sports Sponsorships

MAXIMIZING THE POTENTIAL

The score is tied. Three minutes remain in the game. Tension fills the air. The home team scores. The crowd goes wild. And the thrill of victory is not just for the players but for the corporate sponsors as well.

Corporations have caught on to the public's love affair with sports—from wind-surfing to football—and are using them as a selling tool. Growing by leaps and bounds, sports sponsorships are no longer used as just advertising vehicles but as focal points in motivation

campaigns for consumers, dealers and employees.

Ninety percent of all Americans are involved in sports. Sporting events drew about 426 million spectators last year. Millions more participate as television viewers, newspaper readers or players in amateur events, according to Hilary Mark, vice president of DelWilber & Associates, a McLean, Va.-based event marketing company.

No longer confined to beer and cigarette makers, sports are attracting sponsors ranging from insurance companies to auto makers. In 1988, 3,700 companies will spend about \$1.4 billion on sponsorship fees, said Lesa

Ukman, editor of Chicago-based Special Events Report, a newsletter that tracks sponsorship. This is more than double the number of companies involved and the amount spent in 1985.

Ukman attributes the growth to the steep price of network television advertising and the increasingly complex world of media, which includes myriad publications, cable TV and other unconventional outlets. Many credit the monumental success of corporate involvement in the 1984 Los Angeles Summer Olympics for giving credibility to sports marketing. Companies are scurrying for targeted, cost-efficient methods to relay their messages. "For a fraction of the amount spent on advertising, sponsorship can sell an image to a targeted audience," said Michael Aisner, director of the Coors

■ TOP 5 1988 CORPORATE CONTRIBUTIONS

(FIGURES IN MILLIONS)

MOTOR SPORTS	\$276
GOLF	\$126
WINTER OLYMPICS	\$80
RUNNING	\$50
PRO TENNIS	\$47

Source: Special Events Report, Chicago

International Bike Classic in Boulder, Colo.

However, the furious growth has some marketers whispering about clutter. "The popularity of sports sponsorship is putting pressure on companies to take a secondary role" in particular events, said John Mellein, manager of event marketing for the Milwaukee-based Miller Brewing Company. "The more sponsors an event has, the harder it is for an individual company to stand out. Companies should focus on maximizing participation of each event, not the quantity they sponsor."

To reap the benefits, progressive companies have integrated sponsorships into their advertising and publicity campaigns as well as motivation programs for consumers, the trade and employees. "Marketers have realized that the sponsorship itself does very little," said DeWilber's Mark. "It is what the company chooses to do with it. If you don't leverage your sponsorship, you lose out."

The first step in sports sponsorship is to establish objectives: creating an image for a company's product or service, increasing sales, garnering trade support, generating store traffic, or motivating employees, for example.

Measure the prospective sports against the company's image. "Does the property match the image portrayed in the current ad campaign?" asked Don Dixon, president of New York-based Howard Marlboro Sports and Special Events. "If you promote quality in your ads, the sport's image better reflect quality." Yacht racing might be appropriate, for example, and mud wrestling may not.

Consumer marketers must evaluate how their customers will relate to a sport. Does the demographic profile of the sport's enthusiasts match the demographic profile of your target consumer?

The campaign's objectives will determine whether the marketer needs to match the demographic profile of the sport's spectators or its amateur participants, said Mark. "Obviously, if it's an ad campaign, you need to know who watches the sport," she said. "On the other hand, if a promotion involves a tournament, then you need to know who participates."

In some cases, like tennis and golf, the people who play are the people who are most likely to watch. Fortunately, promotion agencies can provide marketers with an abundance of demographic information relating to sporting events.

Entertaining the trade often is a reason for sponsoring



FOCUS ON SPORTS

a sport. "When a company sponsors a tennis tournament, it can reserve special seats and give them to the trade," said William Robinson, president of Chicago-based William A. Robinson, a sales promotion agency.

But some marketers go further than simply giving away seats as gifts. "The name of the game for many companies is to acquire shelf space," said Robinson. "And sports sponsorships can provide powerful and unique tie-in opportunities for the trade." Sponsors can involve the trade by providing them with point-of-purchase material, incentives and promotions relating to the sponsorship, said Judy Klein, manager of special events for General Foods USA in White Plains, N.Y.

Involving employees is critical to get the most bang for the buck. "The point of any promotion is to increase sales," said Michael Lynch, director of corporate

marketing for ProServ Inc., a Washington-based sports marketing company. "If salespeople aren't involved, you might as well kiss your investment away."

"Take a look inside the company at the sales force," said Howard Marlboro's Dixon. "Will they understand the sport? Or is it too esoteric? If they understand it, they'll sell it."

Often the most overlooked component of the marketing mix is the simplest: involving nonsales employees. "Let your employees know about the sponsorship and get them excited and involved," said Mark. "For instance, if an airline were to sponsor the New York Mets, their New York-based employees could wear buttons which state, 'Let's Go Mets.' Getting employees involved is an inexpensive public relations tool which can boost morale and in turn increase sales."

Giving away ad specialty items—whether it be to consumers, the trade or employees—to promote the event is important to any sponsorship. "Customized merchandise provides a residual value for the brand's identity," said Allan Winneker, president of the merchandise division at the Carlson Promotion Group, headquartered in Milwaukee.

Give away advertising specialty items to promote the event: Customized merchandise provides a residual value for the brand's identity.

At first glance, sponsorship options seem endless: from the big four sports—baseball, basketball, football and hockey—to such lesser knowns as tractor pulling and regatta racing. Particularly "hot" right now are windsurfing, volleyball and cycling, according to ProServ's Lynch. "These sports are gaining popularity among the public. They provide new opportunities for companies that want to get in at the ground level, before a sport takes off."

That is what the Volvo North America Corporation did with tennis in 1972 with an investment of \$12,500. Its 1988 budget hovers around \$4.5 million. Best known for the Volvo Grand Prix—a professional men's tournament that Nabisco took over in 1985—the car maker's involvement includes sponsorship of professional, amateur and collegiate tennis competitions.

"When we got involved, sports mar-

keting was not an established entity," said William Mergler, director of corporate promotions for Rockleigh, N.J.-based Volvo. "But the demographics and image of tennis enthusiasts almost directly reflect our target audience." According to Mergler, the median age of both Volvo car buyers and amateur tennis players and spectators is 37. Median household income for both buyers and players/spectators is over \$55,000; about 80 percent attended college, and 65 percent are considered professionals or management.

To promote regional professional events, Volvo hosts tailored consumer promotions. In Orlando, Fla., local dealers offered two tickets to anyone over 21 who came in for a test drive. For the Newport, R.I., tournament, seven regional shopping malls displayed Volvos filled to the brim with tennis balls. Consumers who correctly guessed the number of balls were eligible for such prizes as tennis resort vacations, tennis equipment and apparel, and tournament tickets. In Chicago, where cars were displayed at 11 regional malls, consumers who leased a Volvo for the month of April received four tickets to the tennis finals.

To involve the trade, Volvo often hosts dealers at a pre-game party and at the match. The company also hosts an "employee night"—with Volvo's president Bjorn Ahlstrom in attendance—at each regional branch and headquarters. Afterward, employees get to attend the match.

Most companies cannot take over a sport the way Volvo has. Another way to guarantee exclusivity is to create an event. One successful endeavor is Manufacturers Hanover's 3.5-mile road race, called the Corporate Challenge. Begun 12 years ago as a New York event, the bank's growth prompted expansion of the race to 13 American and three foreign cities.

"We developed the event initially to

■ DEMOGRAPHICS OF AMATEUR PARTICIPANTS

	Skiing	Tennis	Cycling	Soft
► Age	Under 17: 24.1% 18-24: 28.1% 25-34: 25.5% 35-54: 20.4% 55+: 1.9%	Median: 37	18-34: 57% 35-49: 28.2%	Mostly 25-45
► Income	Under \$15,000: 11.2% \$15-24,900: 12.4% \$25-34,900: 22.7% \$35-40,900: 27.4% \$50,000+: 26.3%	Median: \$55,500	Average: \$40,000	at least \$30,000: 60% at least \$40,000: 40%
► Education				
At least some college	65%	79%	75.7%	85%
► Occupation				
Managerial, professional or executive	N/A	65%	60%	27%

Sources: DelWilber & Associates, McLean, Va.; ProServ Inc., Washington, D.C.; and The Travelers Companies, Hartford, Conn.

Getting employees involved in a sponsorship program is an inexpensive public relations tool that can boost morale and, in turn, increase sales.

get our name and image out in the marketplace," said Barbara Paddock, vice president and director of special events for the New York-based Manufacturers Hanover Corporation. "Today we get front-page press in just about every city," she claimed.

Participants in the Corporate Challenge are the audience that Manufacturers Hanover targets: corporate decision makers. Targeted companies receive a race kit that includes promotional posters and invitations to post-race festivities.

Local bank employees are involved in race activities. Recruited to administer the race, employees also act as emcees and present awards.

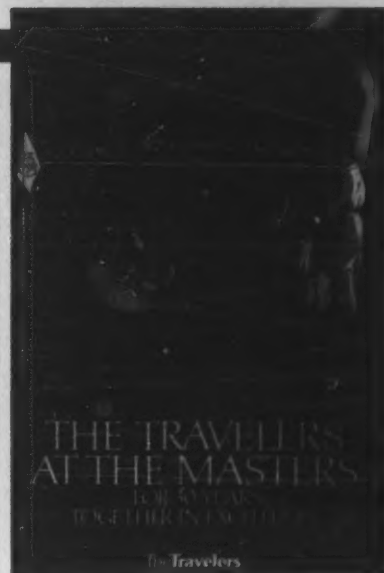
The company's first-year investment of \$10,000 has grown to \$1 million. The event has received such attention that other companies have signed on as cosponsors, according to bank officials. They include Continental Airlines, American Home Products' Advil and The New York Times. And these sponsors spin off

their own promotions. For example, the Times will give away free samples and customized sport bags, and will sponsor parties in each city.

Many companies consider the creation of a new event too risky and prefer to go with a known entity. An organization that traditionally does not run consumer promotions, the Chicago-based Blue Cross & Blue Shield Association decided to sponsor the 1988 Winter Olympics in Calgary. The Olympics were chosen to match the association's advertising theme: "Carry the caring card." "You want athletes to feel covered and protected," said Dixon of Howard Marlboro, the agency responsible for the sponsorship.

"Moreover, the association needed a sponsorship which could provide a common denominator to its 96 regional offices," he said. "A particular sport would not have done that."

To further communicate its spon-



Independent insurance agents can win trips to the Masters.

sorship to customers, Blue Cross ran a direct-mail campaign offering bags and apparel imprinted with the seal of the United States Olympic Committee.

For the regional offices, Blue Cross created manuals that explained how to adapt the Olympic sponsorship to regional business objectives. Dixon reports that about 800 employees—both sales and nonsales—won trips to the games. The association would not comment on how these trips were distributed. It is currently evaluating the results.

For the Hartford, Conn.-based Travelers Corporation, sponsoring the Masters golf tournament makes for "a solid marriage," said Richard Brown, second vice president of advertising marketing services for the insurance company. "The event and our company both portray quality, excellence and a history of tradition," he claimed.

More than 25 million people watch golf and another 20 million play at least once a year, said Brown. More than half the spectators earn \$30,000 annually, while 40 percent of the players earn at least \$40,000. "Simply, golf attracts corporate executives who make decisions about insurance," said Brown. "Travelers policy holders are 24 percent more likely to play golf than the general public."

The Travelers provides agents with a 16-minute video of the Masters, pro-

CONTINUED ON PAGE 37

Circle No. 112 on Buyer Action Card →

■ DEMOGRAPHICS OF PRO SPORTS FANS

	Hockey	Football	Basketball	Baseball
► Popularity				
By region	Northeast	West	West	Midwest
► Education				
Attended college	54.6%	39.7%	39.9%	41.5%
► Occupation				
Managerial, executive or professional level	40.9%	38.4%	28.8%	27.9%
► Income				
Under \$35,000	28.7%	48.1%	46.5%	48.9%
\$35,000-49,000	26.9%	16.8%	25.6%	28.2%
\$50,000 +	44.0%	34.9%	27.7%	22.7%

Information compiled by DelWilber & Associates, McLean, Va.

motional posters and point-of-sale displays with television viewer guides. Each guide has a slot for an agent's business card. "This enables agents to put them in country clubs and target their potential clients," Brown said.

But the sponsorship is not just for the sake of potential customers. "Golf is part of the lifestyle for most of our independent agents and brokers," said Brown. "We have developed the Masters sponsorship to become part of the corporate culture."

Each year, incentive campaigns aimed at the Travelers 2,000 core agents offer a trip to the Masters. Winners are flown on the company jet and wined and dined at the event. Each receives a bag of customized merchandise—from cookbooks for the spouse to visors and suntan oil.

This year, a Masters scratch-off game card was mailed to key brokers. To win, agents had to follow the tournament. Prizes ranged from a trip to London to imprinted visors. Brown reported a 23-percent response rate on the card.

And for nonsales employees, a putting contest is held one week prior to the Masters. For three days, the home office sets up a golf turf and challenges its employees to make a hole in one. Golf shirts and balls are awarded to winners, who also are entered in a drawing for eight golf-related prizes ranging from warm-up suits to windbreakers.

Whatever the sponsorship vehicle, cost is a concern. Prices range from thousands of dollars up to seven-digit

figures. A lot of the lesser-known sports are still negotiable.

Marketers can expect to pay a hefty sum to play in the major leagues. For basketball, hockey, football and baseball, buyers must spend at least several hundred thousand dollars for just the sponsorship, according to Seth Sylvan, public relations manager/business for the New York-based National Basketball Association, and Steve Flatow, director of sales and marketing for the New York-based National Hockey League.

And that is just the beginning. "General rule of thumb is that a marketer will spend \$3 for every \$1 of the sponsorship fee" in advertising and marketing support, said Dixon. □



■ WHITE CHOCOLATE AND SKIING

Snow-capped mountains and winter sports come to mind when people think of Switzerland. That is why the Nestle Foods Corporation, a chocolate maker with a Swiss heritage, decided to get involved with skiing.

Official sponsor of the U.S. ski team, Nestle was looking for an event to help promote its newest candy bar: Alpine White with Almonds. Nestle's objectives were to link the brand to the company's alpine heritage, to create awareness in a key market and to find a venue for sampling the product.

Nestle selected the 35th annual Aspen/Snowmass Winterskol celebration. The five-day January festival, which occurs in one of Nestle's key markets, reportedly attracts young, upscale skiers from all over the country. Five mountains host the festival, each sponsoring one day of festivities. Activities include hot-air balloon races and parties. "The audience was right for Alpine White with Almonds," said Susan Cocco, vice president for Don Jagoda Associates, Syosset, NY. "This is not a kids' candy bar."

At ski lifts and restaurants, Nestle

distributed an Alpine White brochure offering tips on ski topics like how to stay warm. In addition, on-mountain energy break centers offered free samples and the brochure.

Nestle threw three apres-ski parties that included trivia contests and treasure hunts on skis. Winners earned skis and ski outfits.

Leaving no pillow unturned, Nestle distributed a sample candy bar to each of the 20,000 hotel rooms in the region. And all air passengers flying from Denver to Aspen on United Express or Continental Express received the white chocolate candy bar. Nestle gave away a total of 150,000 Alpine White bars during the festival.

All this sampling may appear to some as overkill, said Robert Sperry, business manager for Purchase, NY-based Nestle's Confections, but "we wanted to gain high-quality trial. That means reinforcing the experience and image."

A fourth-quarter incentive program required Nestle's Western region sales force and distributors to increase the volume of display units. The highest achiever sold 45 percent more than the previous year.

Twelve winners—six salespeople and six distributors—and their spouses attended the festival, receiving free lodging and lift tickets. They also attended a private fireworks display and a Western barbecue.

The Winterskol sponsorship cost \$10,000, according to Cocco. Alpine White also sponsored the current Snowmass Hot Air Balloon Festival—a summer and winter event. The fee for this title is \$15,000.

What did Nestle's achieve? "It was the most ubiquitous local marketing activity ever done," said Cocco. "However, it is harder to qualify the more concrete results. This sponsorship was designed to acquire increased distribution among the trade."

"This sponsorship has only just begun to accomplish our objective—to get people to think Nestle's Alpine White with Almonds when they think of skiing," said Sperry. "Next year we will become even more involved with sponsoring ski-related promotions and events on a national level." □

More and more companies report that something extra, creatively presented, can significantly alter attitudes toward the business and the job.

The old saw, "you get to keep the job," is increasingly recognized by management as a sickly substitute for real motivation. More and more companies find that something extra, creatively presented, stimulates action in the work force and can significantly alter attitudes toward the business and the job. And executives are measuring these results in dollars and production units, not just in sentiment.

In the first effort to tally employee motivation practices, **Incentive** recently surveyed its readers. What are these companies doing? What are their goals? To whom do they offer incentives? What do they offer? What do they achieve, and how do they measure results?

Of 279 respondents, 17 percent reported no use of employee awards. The practices of the remaining 231 companies provide the first-ever comprehensive picture of motivation in the office and factory.

There has been a general assumption that most companies offer cash awards most of the time. However, exceptions are turning into rules, and merchandise and travel are doing much better than holding their own.

Among the users in this survey, merchandise is the strong favorite in motivating production personnel, while cash holds a strong grip on programs for office and other service employees. In overall expenditures, merchandise holds 39 percent of the volume, and cash totals about 36 percent. Travel receives about 15 percent of the volume, with the remaining 10 percent going for such recognition awards as jewelry and plaques.

Total expenditures planned this year by the 215 firms that provided figures come to \$15.5 million—or an average of about \$72,000 per company. That is 84 percent higher than the same companies reported spending in 1987.

Cash awards, as many users attest, offer the virtues of flexibility and simplicity—and don't tax the imagination a bit. More management people are coming to see broader appeal and potential cost savings in noncash awards.

One example is presented by Brew-

FACTS SURVEY

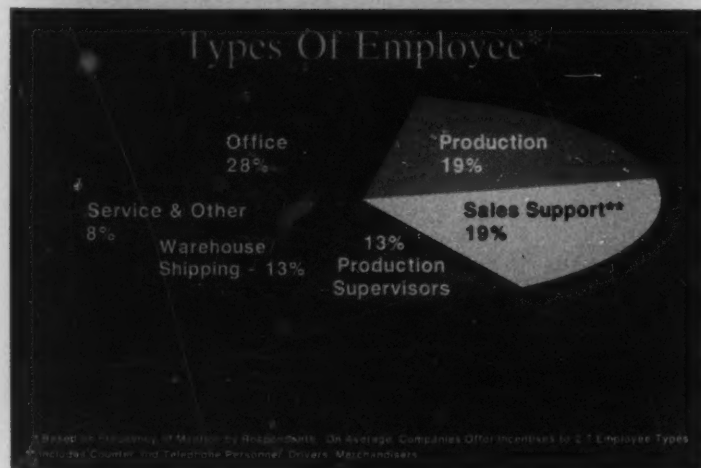
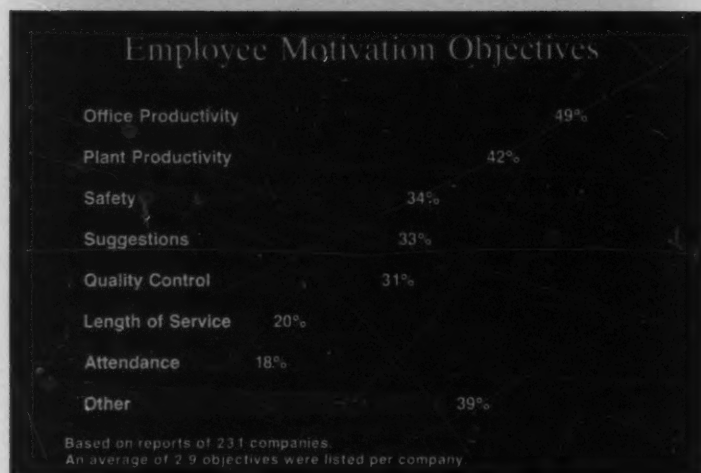
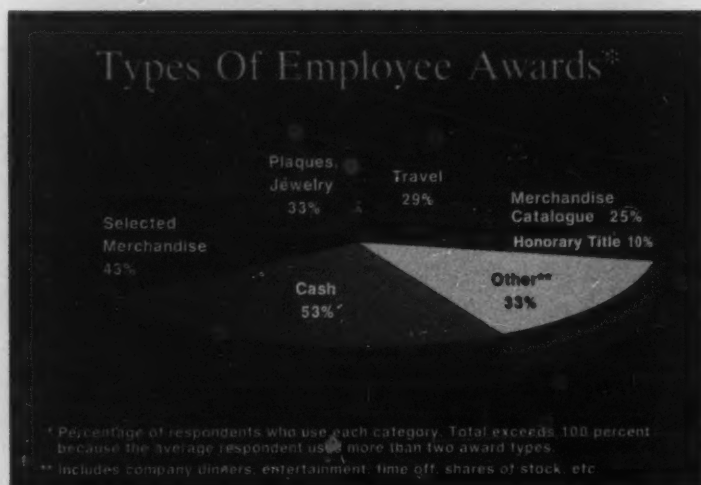
Incentives for Nonsales Workers

ster Dairy in Ohio, which uses merchandise and travel to motivate 150 employees. Unit costs range from \$10 into the thousands. "It is best to do a lot of different things and keep changing," says director of marketing Ralph D. Martin. "The most insignificant items even add enthusiasm. We gave a \$3 Christmas tree ornament—great comments."

MORE ON PAGE 54



Cash, merchandise and travel are the awards most frequently offered in employee motivation efforts.



It is not likely that \$3 in cash would elicit much enthusiasm. Better still, Christmas ornaments or sports equipment or television sets cannot go into the same pocket with wages or salary and be quickly forgotten.

Whatever the prize, what is the payoff? It ranges from the somewhat intangible—morale, better attitude—to the very measurable and specific—improved attendance, reduced compensation and insurance costs, cuts in defects or spoilage, production increases. Regardless of the yardstick, results usually come down to the basics that some executives summarized in a couple of words: "Better employees."

Who are these better employees? The largest group is office employees, targeted by 75 percent of all companies in the survey. Production personnel receive awards from 50 percent, and production supervisors share in the rewards at 35 percent of these firms. The users named an average of 2.7 employee types.

The average work force at these companies numbers 2,829, with a median of 100 employees. An average of 2,362 (median 65) are eligible for awards. About 29 percent of the respondents include union-member personnel in award programs.

In looking at the objectives of employee award programs, the survey posed specific, generally measurable achievements. But many respondents made it clear that a less measurable but perhaps more important one should have been included: morale.

At the Sample Service Corporation, a swatch book distributor in Long Island City, N.Y., a continuous cash-award plan results in "better quality and better morale," says vice president Vincent Scandurm. "There is a feeling of ownership among the employees which is so important. I have one employee who won a large award and then canceled his vacation to help us out during our busy season. It does make a difference."

C. Pastore, marketing director at Vertex Industries, an electronics company in Clifton, N.J., says his merchandise award program for plant and office staff is "simply used for employee morale and [the] feeling of

being a team member with a purpose in the total scheme of things."

Among the specific objectives listed in the survey questionnaire, office productivity is the leader, chosen by 49 percent of these executives. Plant productivity is a close second at 42 percent. Safety, suggestions, quality control, length of service and attendance follow in that order. A very large "other" category cited by 39 percent of respondents points up the versatility of this type of employee motivation effort.

Most executives—72 percent—have continuous award programs. Those without year-round plans average two campaigns a year of nine weeks in duration. On average, 47 percent of eligible employees earn some award.

What they win varies from just a few dollars to many thousands in value. The average is a healthy \$423 per award; the median is \$100. This is based on 472 different price points mentioned by the survey respondents. On the high side, 16 percent of all companies give awards of \$1,000 or more.

Most companies gauge results against specific measures, but they also look for such intangibles as increased morale.

While individual achievement of goals is the primary criterion for determining award winners, teamwork is an important factor for many. In 28 percent of cases, it is team competition that earns the prize.

Cal Snap & Tab, City of Industry, Calif., runs a team program in which everyone can win—but the best team gets a plum. "We're using a combination spoilage/attendance program," says marketing manager Richard S. Calhoun. "Last year, we put \$40,000 into a special fund and every time a mistake was made, we deducted from the \$40,000. We ended up giving out about \$7,000." This year, Cal Snap has divided 36 employees into four teams, with a prize kitty of 1 1/4 percent of shipments. One-fourth of a percent is credited to each team, and spoilage by any team member is deducted from it.

At the end of the program, the team with the lowest spoilage also gets the leftover 1/4 percent.

Teamwork is a by-product at Marassou Vineyards, San Jose, Calif., although the awards are not team-based. Says director of marketing Daniel J. Wildermuth: "Our main employee incentive program has raised the average level of performance considerably. Teamwork and interdepartmental relationships have been enhanced. The use of a well-organized employee incentive also has given management a strong system to oversee, manage, evaluate and recommend changes in the performance of this staff." Only 10 percent of Marassou's 40 eligible employees (of a total staff of 108) qualify for awards, but all employees receive a sample bottle of wine each month.

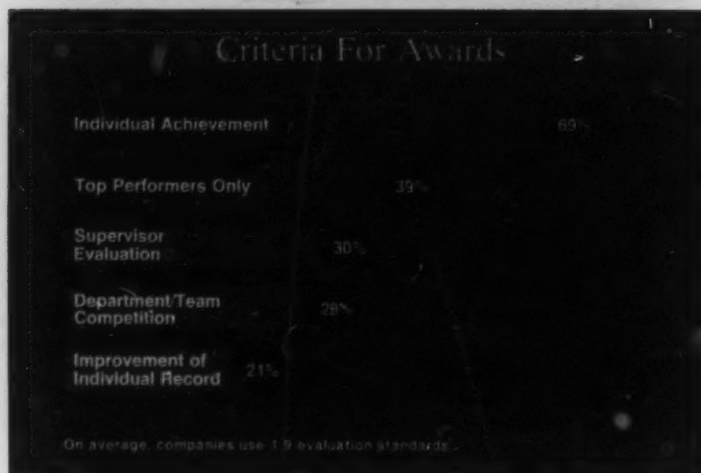
Both individual achievement and

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Cancun

Fiesta Americana
Plaza Vallarta

Fiesta Americana
Plaza Cancun & Villas



team competition govern the awarding of about \$100,000 worth of merchandise at Ohio Penal Industries, Columbus, which produces over \$20 million worth of apparel, detergents, food, furniture and printing. Of 1,530 employees, awards are offered to about 500 union workers. The continuous program has yielded results "130 percent over goals for three of five

sections," according to marketing manager William P. Burke. About 95 percent of those eligible earn awards, which cost from \$50 to \$250.

Team competition is also the route for the Arnold Engineering Company, Marengo, Ill., which has 500 eligible employees vying for merchandise, travel

and recognition awards—and 90 percent winning. "After years of trying and failing with traditional methods to improve our safety record, e.g. workers' compensation cost, lost-time accidents, reportable accidents, etc., we introduced incentives," says vice president of human resources Lawrence J. Kosiek. "As a result, we have improved in every measurable area by at least 40 percent and have enjoyed an 80 percent reduction in overall cost."

"Reduction of workers' compensation costs in excess of \$5 million per year" has been the result of a continuous incentive program at the Campbell Soup Company, Camden, N.J., according to director of safety Fred Wahl Jr. A merchandise catalogue plan yields awards for about half of the company's 21,000 production and warehouse employees. The prizes cost from \$5 to \$400, with special awards up to \$2,500 for top performers in the safety-oriented campaigns.

It takes a lot of drum-beating to make an employee motivation program work. Campbell Soup, for exam-

FIRST-HAND RESULTS

We asked survey respondents to comment on the most significant results achieved through the use of employee motivation programs.

- "We have seen a complete turnaround in our safety performance. We have gone from the bottom of our division...Over a three-year period, employee participation in a plant suggestion system has increased from 17 percent to 65 percent despite union opposition to the program."—pharmaceuticals company, Southeast

- "Twelve percent increase in production output by the factory employees."—food distributor, Tennessee

- "So far the program has brought harmony between departments. Previous award recipients give other employees a yardstick by which to measure themselves. This has improved productivity, atten-

dance and safer working habits by almost 10 percent."—aerospace parts supplier, California

- "Loyalty to co-workers. Pride of accomplishment fosters innovation and quick response to market changes."—communications company, Michigan

- "More interest by employees in company activities."—building materials wholesaler, Washington

- "Award of excellence from some customers...less rejects...increased productivity."—automotive parts manufacturer, Illinois

- "Drastic reduction in lost-time accidents."—refrigeration company, Michigan

- "Reduced employee turnover...less errors...greater productivity...more politeness between workers—ditto customers"—hardware manufacturer, New York

- "The awards have created the 'team' environment, and the concept has increased our overall results—

i.e., sales, distribution, merchandising efforts—by at least 73 percent."—cosmetics distributorship, California

- "The staff has enhanced its team approach to complicated cases and talk to each other. They have won the recognition of the physicians, because all patients have nutrition work-ups whereas before only 5 percent of the patients did. This has earned each dietitian a real place on the medical-care team."—hospital food service, Connecticut

- "Productivity is up 10 percent, and absenteeism is way down. Our company is small, and the purpose is to develop employee loyalty to the company and the desire to work here."—broadcasting company, New York

- "Our plant has worked over 11 million continuous safe man-hours without a 'recordable' lost workday accident. This is a national record."—utility Southeast ☐

ple, uses employee meetings, supervisor promotion, publications, posters and bulletin boards to get the word out—and uses most of the same media to publicize winners.

Employee meetings are the most widely used promotion vehicle among the surveyed executives—used by 81 percent. Another 49 percent depend upon posters and bulletin boards; the same number count on supervisors to get the story across. Employee publications are used by 40 percent. Only 16 percent mail campaign materials to employees at home.

At the other end of the process—presentation and publicizing of awards—company meetings are tops at 68 percent, with department meetings used by another 34 percent. About 36 percent tell the story through company publications; 33 percent put the news on bulletin boards; 33 percent have private presentations, and 13 percent put out press releases on the winners.

Responsibility for employee motivation programs varies widely. Often it is a human-resources or personnel executive who directs the program, although they account for only 12 percent in the final decision on purchasing awards. Division or department managers have the final say at 17 percent of the companies. Plant, production and customer-service managers occasionally have the say-so. But as in most other incentive decisions, it is the top executive—president, CEO, general manager—who has the major weight, 68 percent of the time.

At quite a number of companies, employee motivation programs are directed by an executive with a marketing title. This may be because marketers are familiar with incentive plans or because the results are considered a marketing function.

That is clearly the case at J.A. King, Greensboro, NC., a distributor of industrial scales and weighing equipment. James A. King III is vice president of marketing, and he has a real marketing goal for the company's service-personnel incentive program: generating sales leads from service calls. The plan involves 15 of the company's 40 employees, and they are offered awards—some merchandise,

mostly cash—for their individual achievement in increasing the flow of leads. "Although our program is small," King says, "we have seen a significant increase in the amount of leads brought in by our field service personnel. We have quarterly prizes for the top performers, and everyone receives a cash bonus at the year-end based on percentage of participation. This method increases morale and promotes participation." ☐

At many companies, marketing executives direct employee motivation efforts. This is probably because of their experience in the use of sales and dealer incentives.



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Let's go to the videotape: Americans by the multimillions are exercising, playing amateur sports and enjoying the great outdoors. The National Sporting Goods Association (NSGA), Mt. Prospect, Ill., which collects data on participation and equipment sales, paints a portrait of a highly active nation: 73 million swimmers, 54 million "exercise walkers," 50 million cyclists and 48 million fishermen in 1986. Retail sporting goods sales grew 5 percent in 1986, with a 4-percent rise estimated for 1987.

Marketers and motivators have long made sporting goods a standard in their repertoire of incentive programs. "For the most part, it's a reliably performing category," says Brad Forsythe, purchasing vice president for Original Incentives Inc., Cincinnati. The company uses sporting goods, bicycles and exercise machines in its catalogues for consumer, dealer and employee incentives.

That being so, the best way to score points with sporting goods is by keeping up with trends. Specific sports and methods of exercise rise and fall with public taste. Golf and tennis, for example, seem to bounce back and forth in an inverse relationship: The consensus is that golf is ahead right now, while tennis lags.

According to NSGA statistics, exercising with equipment and exercise walking are the hottest sports—those with the most new participants in 1986, the latest year for which this data is available. These are followed by camping, fishing and cycling.

"Probably the hottest items right now involve golf," says Bill Barry, national sales manager for the premium sales division of Spalding Sports Worldwide, Garwood, N.J. "There has been a dramatic increase in the number of players in the last three years. And on top of that you have an increase in the number of rounds played. Golfers before were playing about four times per month; they're now playing eight times per month." Spalding does its own studies of sports participation, and Barry cites television exposure as a big reason for golf's increased popularity. More women players also contribute to the trend.

"Next would be softball," Barry says. "You have over 30 million players, both men and women. Just about every company has a team—or two, three or more. It's played in spring, summer and into the fall."



COMSOCK

Sporting

GOODS

BY MICHAEL GATES

Keeping up with sports participation trends is the best way to score promotion points with equipment.

Basketball attracts 24 million amateur players, Barry says. It's a versatile sport: "People in the suburbs have a basket in the yard," he says. "In the cities, people play at all types of playgrounds. It's a sport that can be played by one person or a team."

Tennis, which had been "down for a number of years," is making a comeback, Barry says. The sport attracted 20 million players at one time, dropped to 15.5 million but is now gaining again. "It declined for a number of reasons," he explains. "It was replaced by jogging, and it was somewhat hurt by racquetball. And in order to really enjoy the game, you have to play with someone of equal or better ability. That was always a problem."

In recent years, attempts to involve inner-city residents and young people in the game have been successful, Barry says. According to NSGA, 18 million Americans played tennis more than once in 1986.

Bob Clemens, premium sales director for Wilson Sporting Goods, River Grove, Ill., confirms that "golf is hot," as are inflatable items, footballs and basketballs. "Junior golf sets for kids are doing very well," Clemens

Fitness equipment attracts considerable consumer attention: Bayer Aspirin used an aerobic training machine in its sweepstakes, attracting hundreds of thousands of responses.

says. "Raquetball is dead. It's a little too fast and dangerous for most people. My daughter was interested in it until she was hit by a ball. Even though it went into her goggles, she still got three stitches."

At Los Angeles-based Sport Fun Inc., general manager Philip Myers finds that scooters, skateboards and miniature basketballs are hot. The company's "Mini Size 3" half-sized basketballs have been used in consumer promotions by such organizations as the Quaker Oats Company

(for Gatoraid), Nike Inc. and the Seven-Up Company, Myers said.

Exercise equipment—mats, weights, a karate bag—also move well. The company has a foam exercise mat with a zippered cloth cover

that has been used in programs for General Mills cereals, the Royal Crown Cola Company's Diet Rite and Sears Roebuck & Company.

Original Incentives' Forsythe advises buyers on the seasonal nature of sports products: "Camping, hunting and fishing products...are generally good responders. They haven't been big for us in the last few months, but we're coming into their season now. It's a matter of looking at a whole year's activity before branding something a loser or a winner.

"I can't think of any [incentive] program where sporting goods would not be applicable," Forsythe adds.

Some typical retail prices for sporting goods are: \$165 to \$350 for a full set of golf clubs; \$130 for a "decent bike" but "\$300 for a high-class model," according to Forsythe; \$20 to \$150 for a tennis racquet; \$12 to \$60 for basketballs; up to \$85 for a softball glove, and \$8 to \$9 for a softball.

Contrary to some reports, Americans' concern with being fit—and desire for equipment that can help them reach that healthy state—is still rising, according to Sandra Lerner, editor of Fitness Industry magazine in North Miami. Although people are still pedaling exercise bikes and rowing on machines, the most popular fitness products right now are treadmills and "ski machines," Lerner

SPORTS PARTICIPATION

The table shows new participation in various sports and activities by Americans aged seven and older in 1986, as well as total participation. "Participation" is defined as playing the sport or engaging in the activity more than once during the year. All figures are in millions.

SPORT/ACTIVITY	NEW PARTICIPANTS	TOTAL
Exercising with equipment.....	6.9.....	32.0
Exercise walking.....	6.8.....	53.5
Camping.....	6.4.....	41.2
Fishing.....	6.2.....	47.5
Bicycle riding.....	6.1.....	49.7
Bowling (10-pin).....	5.7.....	34.2
Swimming.....	5.2.....	72.6
Boating (motor).....	4.9.....	25.5
Aerobic exercising.....	4.5.....	21.9
Basketball.....	3.5.....	21.1
Volleyball.....	3.2.....	20.7
Tennis.....	3.1.....	18.0
Golf.....	3.0.....	20.0
Hunting/shooting.....	2.9.....	20.5
Softball.....	2.8.....	20.9

Source: National Sporting Goods Association, Mt. Prospect, Ill.

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says. The latter exercise both the upper and lower body by simulating cross-country skiing.

"And people who can afford \$3,000 and up are getting into multi-station home gyms if they've got space for it," she adds. Foldaway home gyms that take up less space are also beginning to appear. "They're becoming more popular as the price comes down and space efficiency goes up," Lerner says.

"Travel fitness products"—portable weights and stretching devices—allow busy executives to exercise on the road, and Lerner sees many new products in this category.

Fitness goals have changed over time, from an almost exclusive emphasis on losing weight to today's more holistic concern with aerobics and cardiovascular health. "That's why walking is becoming so popular," Lerner says. "People can get the same benefits as with running without killing their knees and back. Aerobics is still in a very strong phase, though it's no longer the high-impact running, jumping and bouncing." Low- or no-impact exercises, which are much easier on the body's joints, are more popular now.

Exercise shoes, mats and videotapes are all part of the aerobics movement.

The popularity of fitness equipment yields considerable consumer attention. For example, the Bayer Aspirin division of Glenbrook Labs, New York, teamed with Bally Life Fitness, Irvine, Calif., for the Bayer and Lifecycle Sweepstakes—attracting hundreds of thousands of responses.

The Lifecycle aerobic trainer is a computerized version of an exercise bike, complete with a digital readout of pedaling RPMs, elapsed time and calories per hour, and programs that simulate hills and valleys. Its retail value: \$2,150. Other prizes included Joe Weider family fitness centers (valued at \$795) and rowing machines (\$295), and Seiko watches (\$195) with pulse meters.

Free-standing inserts announced the sweepstakes in January; winners will be selected this month. The insert included an offer for a free fit-

KEEP IN MIND

- While swimming is tops in overall participation, men over age 55 prefer exercise walking, fishing and golf. Women over 55 choose exercise walking, swimming and bicycling, in that order.

- Exercise walking, second in overall participation, skews largely female. On the other hand, running and jogging are male-dominated, with a majority under the age of 25.

- The best way to add value to sporting goods is to create a package that is not available at retail. Good examples: a glove and softball; golf bags containing woods, irons,

head covers and balls; dumbbells, a fitness video or a jump rope with an exercise mat.

- Stock merchandise frequently can be fulfilled in two to three weeks, while special imprinting may require eight weeks.

- Because of their weight, exercise machines or bicycles can be damaged during shipping—resulting in very unhappy winners. Make sure to use proper packaging.

- A bicycle or fitness product that requires assembly is less motivational than one that arrives ready for action. □

ness booklet from Lifecycle, and a 50-cent coupon for aspirin. Tear pads announcing the sweepstakes were used in stores.

"We've decided that promoting good health is very appropriate for

our product," says Bayer's group product manager Bill Straus. "So we looked for something that also promotes good health." He notes that the Lifecycle name has brand recognition. □

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JULY 1988

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INCENTIVE covers the methods used by organizations to motivate customers at all levels to buy and employees to work more effectively.

Cover Photo: Fred Slavin

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FACTS SURVEY

Business Gifts

Budgets grow only slightly, as the average gift cost rises to \$75 and the average number drops to 480 units. Reasons for gift giving grow more varied.

A touch of parsimony marks the midyear plans of many business Santas, whose budget estimates for business gifts now show a mere 2.6-percent increase over what they spent last year.

More than seven out of 10 surveyed executives report that they are standing pat on the unit cost of gifts, the most crucial factor in determining the total bill. Twenty-four percent say they will spend more, and 4 percent plan to cut back. These reports are based on information supplied by 407 readers.

A year ago, a similar group predicted a 3.2-percent increase—but the year-end total estimate came in at 6.7 percent over the 1986 figure. If history repeats itself, the ritual potlatch will increase a substantial notch. The telltale unit gift cost is up to \$75 on average, compared with last year's \$56—although the median price remains at \$20.

The typical, or median, business giver uses 100 gifts a year, the same as in several recent years. The average has dropped to 480 in the present study from 499 last year.

In 1987, Incentive's estimate of total business gift expenditures reached \$148 billion.

Personalizing gifts with the recipient's name or initials is a practice that continues to decline; only 26 percent do so. However, 68 percent have company imprints on their gifts.

Christmas is the preferred occasion for 71 percent of respondents in the latest survey. But a range of "other," non-holiday occasions is indicated by 42 percent. Company anniversaries are gift time for 9 percent, while 10 percent favor birthdays. About 5 percent give at Thanksgiving, and 4 percent at New Year's.

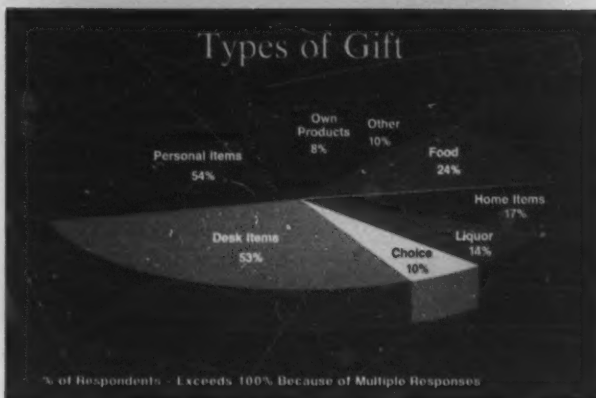
As these executives find more and more "other" times to give gifts, they also express more varied reasons for doing so. Not as clear-cut as the objectives cited for other types of incentive usage, they represent thanks, good will, friendship and general good feelings directed toward defined benefits.

A Midwest banker who uses gifts in conjunction with seminars and on customer calls all year says they are "good icebreakers. They leave a presence if they're quality items. They should never be significant enough to influence decisions—but quality enough to enhance a firm handshake and a warm smile."

Image is often a goal, as with Stan Botvinick of Eis Associates, a Los Angeles insurance firm: "The benefit is to let our accounts, as well as prospects, know that we perform like the giants within our industry. Being smaller, the benefit is referrals, too."

For David Thomas, vice president of sales for the Carmel, Ind.-based metal stamper Kaufman Products Inc., the goal is distinction: "Business gifts are not a common practice in our industry, and their use tends to set us apart from our competitors."

The most popular way to get a gift from donor to recipient is through a salesperson. The gifts "give reps a reason for calling on the customer," notes a freight



Most survey respondents give to major customers; personal and desk items are preferred.

Personalizing gifts with the recipient's name or initials is a practice that continues to decline; only 26 percent do so. However, 68 percent have company imprints on their gifts.

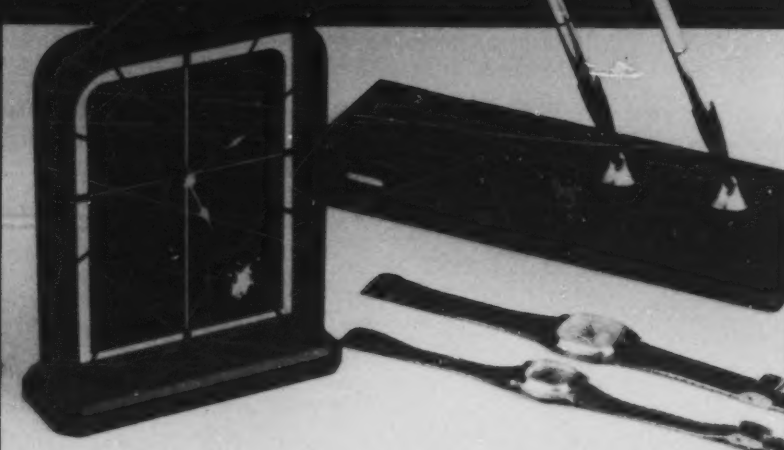
executive in Colorado.

A sampling idea is employed by Mark S. Kaufman, president of 3 Strikes Custom Design, New York. His gifts, he says, "are a gentle reminder of the creativity that my company can offer in developing unique items to meet specific objectives. Each year, I try to design a graphic that relates to the holiday season, which I then incorporate into one of my own products." The designs go

onto such items as blankets and beach towels.

A thank-you for leads is the gift occasion for R. C. Meyer, chief executive officer of Rainbow Nursery & Garden Center, Williamstown, N.Y. He presents a gift costing about \$20—often his own greenhouse product—"as a note of thanks for granting of contracts. In most cases, the recipient has given us leads for other interested consumers....Gifts are always pre-

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► Who does the buying?

Top management	66%
Sales/marketing management	27%
Advertising/promotion management	5%
Product/merchandising management	2%

► When are gifts bought?

January	12%
February	8%
March	10%
April	4%
May	7%
June	9%
July	10%
August	17%
September	33%
October	36%
November	26%
December	26%

► Sources of gifts

Direct from manufacturer	44%
Advertising specialty counselor	31%
Wholesaler or distributor	29%
Incentive representative	28%
Incentive firm, jobber, stamp company	16%
Mail-order firm	15%
Retail store	14%

► How are gifts delivered?

Salesperson	58%
Executive	35%
Parcel delivery service	30%
Mail	21%
Messenger	7%

► Where are gifts given?

Recipient's place of business	74%
Recipient's home	26%
Donor's place of business	18%

sented *after* a contract is in force."

Product samples go with Christmas gifts to customers of McCormick & Company, Baltimore. But other gifts serve another purpose, says manager of communications Carolyn Manning. Gifts are given "at convention dinners to spouses of customers. They look forward to unique gifts from a quality company as a remembrance of a memorable evening." Manning uses items like designer silk scarves or crystal animals.

A New York meeting planner gives gifts costing \$14 to \$35 to conference attendees. "Conference gifts are a permanent marketing tool to help promote future conferences," she says. "Also, gifts broadcast a class act."

Says one insurance executive: "Gifts are a booth attraction at major conventions." He uses pens, calculators and other items costing up to \$40, in relatively limited quantities.

Sometimes the business gift serves to accentuate the positive in a relationship that might run into trouble. An office-equipment manufacturer in the Midwest cites a variety of reasons for his gifts: appreciation, remembrance of a factory visit, holiday greetings and "to help defuse a problem or personality conflict. In general, all gifts are to give the recipient a warm feeling when they use them and think about us."

Gene R. Clark, marketing manager for Airfan Engineering Products, Garden Grove, Calif., uses moderate-priced gifts to keep relationships smooth: "While we experience many trials and tribulations with our products, our customers and their customers, we feel we must show there are no permanent scars in the aftermath and we want to continue serving them to the best of our ability."

Not everyone who gives gifts is totally happy about it. "It's a necessary evil—maintaining our business position," complains a New York apparel executive who buys gifts costing \$25 to \$200 for 75 major customers.

"We do feel somewhat obligated in some instances because it is expected," says a Kentucky wholesaler. "I'd like to see more firms outlaw the

TOP CHOICES IN SURVEY

Pen/pencil.....	10%	Desk set.....	2%
Clock.....	6%	Fruit.....	2%
Calculator.....	3%	Golf item.....	2%
Coffee mug.....	3%	Knives.....	2%
Hat/cap.....	3%	Luggage.....	2%
Wine/champagne.....	3%	Meat.....	2%
Calendar.....	2%	Plant/flowers.....	2%
Cheese/sausage.....	2%	Trip/outing.....	2%
Desk folio/folder.....	2%	Watch.....	2%

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Image is often a goal: "The benefit is to let our accounts, as well as prospects, know that we perform like the giants within our industry."

Top 10 Business Gift Users (1987)

Auto Parts, Tires, Accessories	\$401,602,000
Toiletries & Cosmetics	\$73,205,000
Automobiles & Trucks	\$68,213,000
Insurance	\$61,087,000
Banks, Savings & Loans	\$49,696,000
Electronics, Radio, TV	\$49,354,000
Electric Appliances	\$47,213,000
Building Materials	\$45,870,000
Food Products	\$41,863,000
Publishers, Etc.	\$34,558,000

Percentage of Field
Represented By Top 10

44%

practice of accepting gifts."

There are organizations that prohibit gifts—notably government agencies and very large corporations. The executives in this year's survey say they see such restrictions in an average of 29 percent of cases, slightly lower than in previous years. And only 38 percent believe the prohibitions are increasing.

Fear of improper influence on buying—real or imagined—is the root of such rules. But the incidence of such problems continues to be very minor in the experience of these survey respondents. Only 12 percent believe that gifts they received have ever been intended to influence them improperly. Fewer than 10 percent believe that *their* gifts have exerted undue influence on customers.

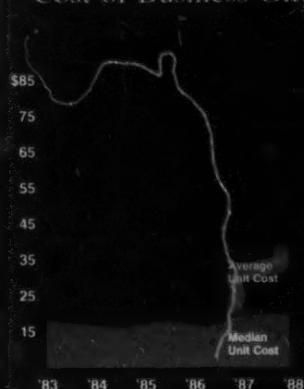
Many users confidently defend the practice and have a clear sense of propriety. "Friends like to do business with friends," says a Massachusetts abrasives manufacturer, "and gifts help solidify that relationship. Business gifts should be appropriate, carry the company name and should be of a value that does not suggest graft or payoff." His company offers imprinted items costing up to \$32.

The \$25 maximum allowed by the Internal Revenue Service for gift deduction is a rule of thumb used by many executives. Says an appliance-

service executive in New Jersey: "We give gifts as small token of our appreciation for the customer favoring us with his work. Gifts are purposely limited to no more than \$25 in value so as not to be construed as improper influence."

A New Jersey promotion agency executive says, "We believe business gifts are a way to say thanks to these people who have included us in their list of suppliers. We are a new company, and good will is important to us...We also believe that, by staying within a \$25 range, we are not trying to improperly influence anyone. Realistically, lunch for two in New York costs more than \$25." □

Cost of Business Gifts



AUGUST 1988

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INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

How to cope with the
looming labor shortage

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Sales incentive survey
Motivation show preview

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store keeper and adept at handling a
good side start salary is excellent
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Major shoe store
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BAZAAR STORES

Major shoe store
non

INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

AUGUST 1988

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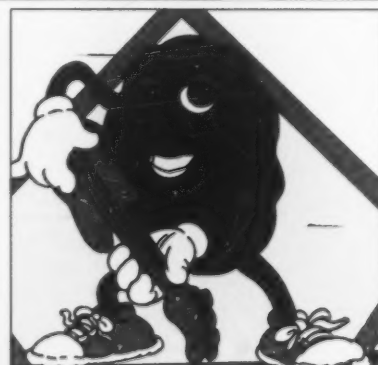
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INCENTIVE (formerly Incentive Marketing/Incorporating Incentive Travel) covers the methods used by organizations to motivate customers at all levels to buy and employees to work more effectively

Cover Photo: Fred Slavin

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WHITHER THE WORK ETHIC?

Is the American work ethic alive and well? Not according to a recent survey conducted by the International Research Associates (INRA) and the Roper Organization.

Americans ranked their occupations eighth in importance out of 10 things that affect their lifestyles. By contrast, Japanese ranked their occupations number two in importance and Europeans number four.

Americans also reported low job satisfaction, placing their work number seven in satisfaction out of 10 key elements in their lives. Both the Japanese and Europeans indicated a higher level of satisfaction with their work.

Not surprisingly, American white-collar workers reported considerably more job satisfaction than blue-collar workers. Men were more likely than women to say that their work is both important and satisfying. Generally, older respondents reported greater job satisfaction than younger ones.

The survey covered 8,000 inter-

■ WHAT IS MOST IMPORTANT TO YOU?

Q.

Here is a list of things that affect your lifestyle. Please rate each on how important it is to you. Use a scale of 1 to 10, where 10 means it is extremely important to you and 1 means it is not at all important to you.

U.S.

1. Children's education (7.14)
2. Family life (7.05)
3. Health (7.02)
4. Quality of life (6.80)
5. Friends, relatives (6.46)
6. Love life (6.11)
7. Income, standard of living (5.91)
8. **Occupation (5.87)**
9. Leisure activities (5.26)
10. Current political situation (4.51)

JAPAN

1. Health (8.06)
2. **Occupation (7.63)**
3. Family life (7.60)
4. Friends, relatives (6.62)
5. Children's education (6.53)
6. Quality of life (6.26)
7. Income, standard of living (5.84)
8. Love life (5.66)
9. Leisure activities (5.24)
10. Current political situation (5.08)

EUROPE

1. Children's education (8.02)
2. Health (7.95)
3. Family life (7.80)
4. **Occupation (6.63)**
5. Love life (6.62)
6. Quality of life (6.47)
7. Friends, relatives (6.12)
8. Income, standard of living (5.85)
9. Leisure activities (5.32)
10. Current political situation (4.00)

views—1,000 in each of six European countries, the United States and Japan. INRA and Roper are part of

Starch INRA Hooper Inc., which is headquartered in Mamaroneck, N.Y. □

CUSTOMER SURVEYS CAN HELP THE BOTTOM LINE

Customer satisfaction surveys are conducted by only one-third of 47 companies surveyed by the Schering Plough Corporation, Madison, N.J., which wanted to compare itself with companies in different industries.

The Customer Service Institute, Silver Spring, Md., believes customer feedback is a good idea for the following reasons:

- Managers often assume that they know what is important to customers and measure service against their own standards. Although this method may measure efficiency, it does not measure customer preferences as to types of services nor does it measure their perceptions of the quality and value of service they receive.

- Customer-service standards often are set on the basis of what firms can, rather than should, do. Mediocre performance measured

against mediocre standards looks better than it actually is.

- Companies that do not survey customers may be spending more money correcting service problems and winning new customers than is necessary. And they may be spending money on the wrong areas. □

POLICE: REWARDING COURTEOUS DRIVERS

Motorists in Arlington, Tex., had good reason to be nice drivers this summer: Police officers were pulling over good drivers to award commendation certificates.

The goal was "to create a feeling that it's easier and more pleasant to drive in a courteous and safe manner," says Sgt. Jay Six, supervisor of the police department's community services division. "We also want drivers to understand that the police are just not out there to punish or nail them for doing things wrong. We're

only interested in promoting traffic safety."

During the 90-day promotion, which began in May, 1,000 commendations were expected to be given out.



By press time, drivers had been cited for:

- stopping in roadways to let other motorists out of parking lots;
- helping to push stalled cars off roads;
- observing speed limits in light traffic, and
- changing lanes properly.

Certificates were not all that the good motorists won. Each driver

Performance dips slightly and costs are up—but use of incentives for sales campaigns is still on the rise.

FACTS SURVEY

Sales Incentives

The arithmetic of sales incentives is a bit less favorable this year, but the numbers have not kept users from moving ahead with programs. On average, they are budgeting 7.3 percent more than they spent in 1987 to motivate sales personnel.

The figures show that salespeople are winning a little more, while producing slightly less—thereby increasing the costs of programs relative to sales. An average of 42 percent are qualifying for incentive awards, up from a steady 40 percent during the past three years. Average sales results have dipped to 19.7 percent this year from an average of 20.9 percent in the past two years.

Meanwhile, the user's cost, as a percent of incremental sales, is up. The median remains at last year's 10 percent level, but enough expensive programs were included to raise the average to 15 percent, from 12 percent a year ago.

The 7.3 percent rise in current expenditures by the latest survey group of 208 companies is below 1987 growth, which was estimated at 8.6 percent. But it still represents a healthy upward trend in a period of low inflation.

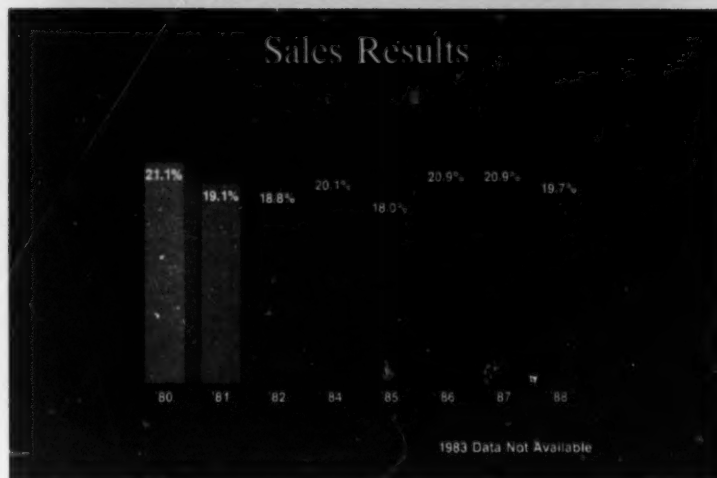
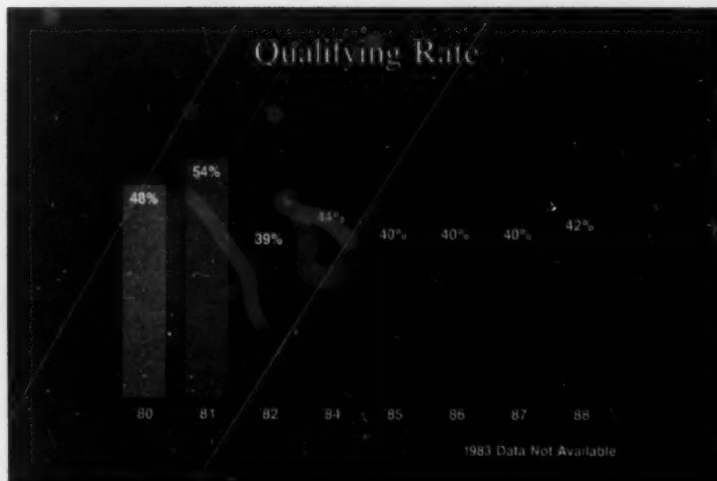
This year reverses the merchandise and travel awards spending pattern of 1987, when travel programs registered a 10.7 percent rise and merchandise expenditures increased 7.9 percent. The users' present estimates suggest they are spending only 54 percent more for travel, while merchandise outlays gained 8 percent.

Expenditures for sales incentives last year were estimated at \$446 billion—with \$3.25 billion for merchandise awards and

\$1.21 billion for travel. If estimates garnered from the current survey hold true, noncash sales incentive expenditures would rise to almost \$4.8 billion this year.

One factor affecting the overall cost picture is the breakdown of qualification rates between merchandise and travel. While overall participation moved up to 42 percent from 40 percent, the increase was greater in travel programs: 33 percent earned trips, compared with 29 percent a year ago. On the merchandise side, qualifiers moved a single point, from 49 percent to 50 percent.

The average trip cost per person among these users took a large jump, to \$1,664



Slightly more salespeople are qualifying for awards in 1988, ending a stable, three-year trend. Meanwhile, sales results have dipped by more than one percentage point—to 19.7 percent.

with a median of \$1,450. That compares with a \$1,404 average and \$1,000 median a year ago.

For merchandise awards, the \$260 average is somewhat lower than last year's \$340.

Company salespeople were slightly more evident among promotion targets in this year's survey. Always the leading category of award recipient, this group was favored by 66 percent a year ago. In the present survey, 78 percent of the users aim incentive campaigns at internal sales personnel.

Overall, surveyed companies average about 1.5 types of targets. This year, 26 percent offer incentives to wholesaler or jobber salespeople, while 23 percent target manufacturers' representatives. Other targets are retailer sales personnel at 18 percent and direct-selling representatives, 3 percent. And 5 percent of the executives also provide incentives for "other" types of personnel.

These marketers conduct a median of three merchandise promotions per year, the same number as the similar survey group last year. However, in programs offering travel alone or a combination of travel and merchandise, the medians have risen to two promotions per year in each case from one.

Multiple promotions give the user flexibility to apply the incentive to selected groups of products or even to single items. Half of the surveyed executives promote selected products,

while 10 percent pinpoint specific items. The remaining 40 percent, many of whom conduct year-long campaigns, apply the motivational push to their complete lines.

Respondents who run long-term programs covering full lines of products or services are among those whose primary objective is to generate more sales dollars, i.e., to "increase overall volume." That goal is chosen by 61 percent of this year's re-

spondents, up a bit from the 1987 survey but well below the 75 or 80 percent who favored that sales incentive goal several years ago.

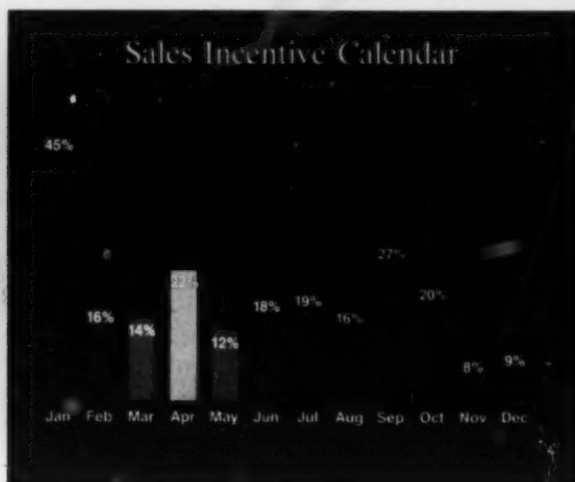
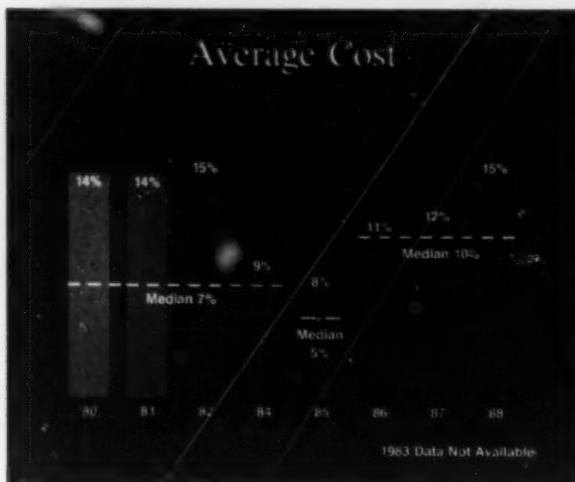
The rise in current expenditures by the survey group of 208 companies is below the overall estimate of 1987 growth. But it still represents a healthy upward trend in a low-inflation period.

Selling new accounts, always an important function of incentives, is even more crucial this year. In last year's study, it was selected by 41 percent, making it third behind introducing new products at 47 percent. But the latter objective has dropped one percentage point this time and runs third after selling new accounts,

which rises to 50 percent. Most users rely on sales incentives for more than one purpose, either in the same or separate programs during the year. In this survey, the percentage choices add up to far more than 100 percent, because users have indicated an average of almost three goals for each.

When translating these goals into campaign rules, the vast majority of companies assign quotas to represent the desired achievement, but they differ on how to derive the quotas. The most common method is to take a percentage of increase over the previous year's sales; 61 percent do it that way. But 30 percent work back from a sales forecast—which may not be directly related to past experience—and a minority of 9 percent base their quotas on the immediate previous sales period.

Quotas and rules are part of a more complex process—campaign planning. Planning, if it is to be effective, must cover everything from the objective to the measurements that will govern the final evaluation of results. The planning time tends to have a fairly close relationship to the duration of the promotion period itself. In the current survey, the planning time is just slightly shorter than the running time. In a merchandise promotion, the users say they devote an average of 13 weeks to planning, while travel users take more time—25



The average user's cost is up to 15 percent of incremental sales; January is most popular for launches.

The most common method for setting quotas is to take a percentage of increase over the previous year's sales: 61 percent do it that way.

weeks on average.

Once the plan is in place, the merchandise campaign is in the field for an average of 14 weeks. Travel users run their programs for 29 weeks of sales time. When short-term sprint campaigns are used—generally as an extra stimulus during a very long promotion period—they run for an average of seven weeks. About 21 percent of the executives say they use such special efforts.

Sales incentives are used in all seasons of the year, but certain periods do have an edge in campaign

launches. January is by far the biggest month for initiating a promotion, primarily because of the number of users conducting calendar-year programs. Fully 45 percent of the users in this survey begin some of their programs in January. Next is September, chosen by 27 percent, followed by April with 22 percent.

Marketers often spend a large portion of their total budgets for the materials that go into the promotion launch and subsequent drum-beating. They use literature that announces the program, merchandise

catalogues or travel brochures, teaser mailings, advertising specialties, updates on standings, kick-off meetings and many other forms of promotion. The expenditures vary from almost nothing to 50 percent or more of the budget in isolated cases. On average, users in this survey report that they spend 19 percent of their total budget for promotion, with the remaining 81 percent for purchase of merchandise or travel.

In the detailed planning and execution of an incentive campaign, there is plenty of room for problems to develop. But no aspect of the process stirs more anxiety or indignation than relations with suppliers, if we listen to the complaints of the users.

Two types of supplier stand out as the most frequently used: incentive wholesalers or jobbers in merchandise programs, favored by 52 percent, and travel agents, used by most of the 53 percent of travel users who say they do most of their own planning.

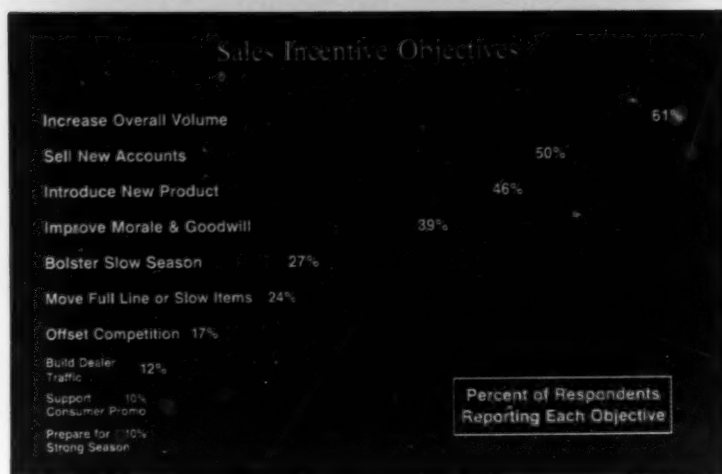
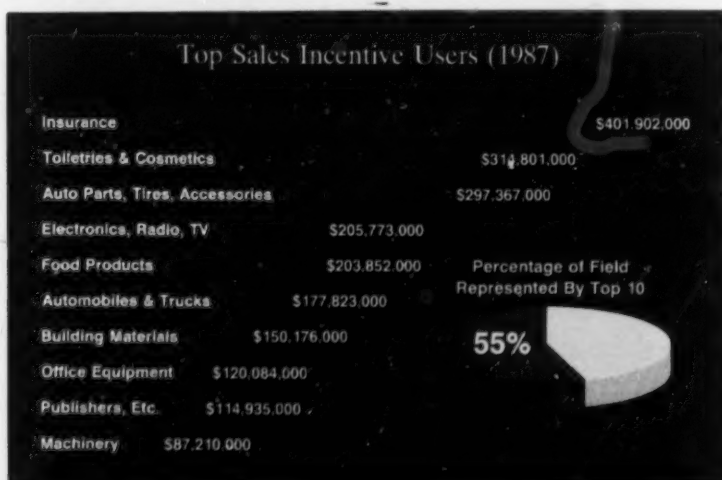
"Travel agents don't know this business," complains a New York wholesaler, "but are in it just to make more sales for themselves."

"Commercial incentive suppliers are interested only in large-budget operations," says Louis F. Liptak, president of the Cemarx Corporation, Geneva, Ill., a computer consulting firm. "Therefore we have to go it alone."

Loretta Blinn, marketing manager for audio equipment wholesaler Califone International Inc., Chatsworth, Calif., says that her problem, very simply, is "getting answers, quotes and information from a supplier when I want it."

Larry Smith, national sales manager of the Star Chemical Company, Hinsdale, Ill., finds a "lack of professional help from sources. Many times [they make] lots of promises with little if any follow-through. Too many incentive house sources are only concerned with making their sale. We as customers look to them for creative help and ideas."

Suppliers are not the only bad guys. Management comes in for a good share of complaints in the surveys. A broadcaster who wanted his name withheld says he has the ongoing problem of "proving to management



Top user is the insurance industry; selling new accounts grows in importance.

that incentives work out on a continual basis, not just as a Band-Aid approach." A finance-company executive is frustrated by "senior management's lack of long-term planning...[and] inability to turn loose the good people they have hired and let them perform."

While "good people" may be turned loose in some cases, it is most often senior management that has the final say on going ahead with an incentive plan and authorizing purchases, according to 68 percent of the companies in this survey. Directors of sales or marketing account for another 27 percent of decision-makers. Advertising or sales promotion people (4 percent) and product managers (1 percent) bring up the rear.

When management, at whatever level, comes to evaluating the program, the prevailing criterion is total dollars or product units sold: That is the touchstone for 71 percent of respondents. Another 44 percent judge by the percentage of eligible people who qualify. Increased market share is the standard for 29 percent, 26 per-

cent look at profit on incremental sales, and branch or district performance is the gauge for 13 percent. Most of those surveyed gave multiple answers, with the executives indicating an average of almost two criteria each. A good number use at least three of the evaluation criteria—no doubt mindful that, until marketing becomes a mathematically precise science, it pays to look at every bit of available evidence. □

When management, at whatever level, comes to evaluating the program, the prevailing criterion is total dollars or product units sold: That is the touchstone for 71 percent of respondents.

► Types of award

Single premium or group of related items	44%
Individual travel award	42%
Merchandise selection from incentive house	34%
Group travel award	33%
Own catalogue	17%

► Merchandise suppliers

Wholesaler or premium jobber ..	52%
Direct from manufacturer	40%
Full-service incentive house	25%
Manufacturers' representative	23%

► Travel suppliers

Make own arrangements	53%
Full-service incentive house	31%
Travel/tour wholesaler	22%
Travel carrier or hotel	16%

► Final buying decision

President, CEO, executive vice president, general manager	68%
Director of sales or marketing	27%
Director of advertising or sales promotion	4%
Product manager or merchandising manager	1%

"Outstanding—" "Exceptional—"

worth a special trip."

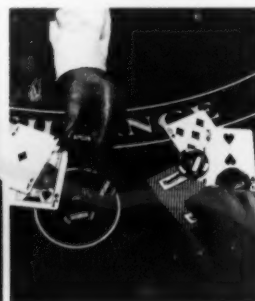
offers luxurious accommodations..."

Mobil Travel Guide

AAA Tourbook

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SEPTEMBER 1988

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MANAGING AND MARKETING THROUGH MOTIVATION

CIGARETTE PROMOTION

Playing to a Shrinking Audience



- ▶ DIRECT SALES
Mirror of today's women
- ▶ COMPLAINT MANAGEMENT
Bad news can be good
- ▶ WHITE-COLLAR WORKERS
What really motivates
- ▶ INCENTIVE TRAVEL SURVEY
- ▶ MOTIVATION SHOW SCHEDULE

INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

SEPTEMBER 1988

84th YEAR, VOL. 162, NO. 9

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INCENTIVE (formerly Incentive Marketing/Incorporating Incentive Travel) covers the methods used by organizations to motivate customers at all levels to buy and employees to work more effectively.

Cover Illustration: Tommy Soloski



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Bill publications: FoodService Director, Incentive, Institutional Distribution, Jobber Retailer, Modern Tire Dealer, Plastics Technology, Restaurant Business, Restaurant/Hotel Design International, Sales & Marketing Management, Successful Meetings. Information divisions: DataComm, Market Statistics, Plaspec, Sales Builders, SM Data Bank.

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In the musical production "The Wiz," the Wicked Witch sang "Don't Nobody Bring Me No Bad News." For business people, a complaint is bad news. It indicates that a customer is dissatisfied with a company's product or service.

But when it comes to complaints, the smart person in business will not sing the Wicked Witch's song. Complaints provide a valuable barometer of performance. A complaint is an opportunity to reinforce the link between company and customer. "Bad news" like that should be welcomed and even solicited by firms.

Complaint handling should be part of the marketing strategy. Most successful companies use a blend of offensive and defensive strategies. On the offense, the objective is to generate new customers through the use of advertising, promotion and incentives. The goal of defense is to hang onto current customers.

One type of defensive strategy focuses on fighting competition: If you can keep new competitors from entering your field, your customers—even the dissatisfied ones—will have little choice but to remain with you. A more feasible defensive strategy is to focus on keeping customers. The objective is to keep the customer satisfied so he will not want to switch.

An excellent way to do that is to encourage customers to let you know when they have a problem and then to resolve the problem in a way that preserves customer satisfaction.

Why bother at all with defense? It is a matter of cost. The cost of generating a new customer can be a lot higher than that of retaining a current one. Volvo, the Swedish automobile manufacturer, estimates that it costs three times as much to attract a new customer as it does to keep a current one.

Auto production is a mature industry with fierce competition—the type of business environment in which defense can cost a lot less than offense. But how does one assess the value of defense, particularly customer complaint management, in other industries that have different business conditions?

Research has been conducted to help demonstrate the likely impact of complaint management in a variety of cases and provides general guidelines for determining how much to invest in customer compensation. The research applies mathematical analysis to



TOM BLOOM

Managing Complaints

Customer complaint management provides a valuable means of monitoring performance and can help your company improve market share.

current market forces. The chart on page 56 shows the market share gains a company could anticipate if it introduced a complaint management program in an industry where no other such programs exist.

Complaint management is not just a matter of receiving complaints. Even without encouragement, some customers will complain. All it takes is an error on the part of a company or the perception that performance has fallen short of expectations.

When a company undertakes complaint management, it establishes a system to resolve the grievance in such a way that the dissatisfied customer remains loyal. Such a system actually seeks out dissatisfied customers, encouraging them to voice their displeasure instead of silently fleeing to the competition.

One of the most visible indications of such efforts is the installation of toll-free 800 numbers. Perhaps as many as

This article is adapted from "A Model for Customer Complaint Management" by Professor Claes Fornell of the Graduate School of Business Administration at the University of Michigan and by Associate

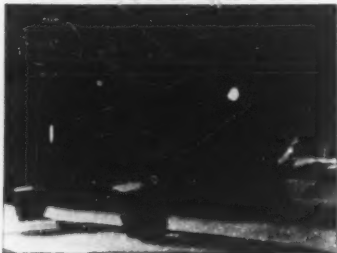
Professor Birger Wernerfelt of the J. L. Kellogg Graduate School of Management at Northwestern University. It was originally published by the Institute of Management Sciences, Providence, R.I.

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Effective complaint management systems seek out dissatisfied customers rather than let them flee silently to a competitor.

200 million calls concerning customer problems are made to these numbers each year.

In addition to helping preserve the patronage of dissatisfied customers, complaint management can provide other benefits as well. Sales can be enhanced when consumers become aware that a company has an effective system for handling complaints. Making a purchase will seem less of a risky undertaking to the prospective buyer. At the same time, the system sends a signal of quality that increases the perceived value of the purchase. These positive impressions can spread by word of mouth, with a resulting boost in sales.

Warranties, guarantees and service contracts are important parts of complaint management, but complaint management systems entail more than these alone. A warranty or service contract extends aid only to those buyers covered by the agreement, while complaint management usually applies to all customers. A warranty typically states that a product, if covered, will be brought to working order at the expense of the seller. Complaint management, on the other hand, may offer several different types of compensation, not just making the product workable.

Finally, complaint management is often tied to quality-improvement efforts—such as the hotel chain that uses complaints to insure quality control at individual outlets.

Complaint management costs money. All solutions provided to the customers under the system—money returned, repair services, replacement products, product-use information, etc.—represent an expense for the company. The structure of the system—for instance, the cost of a toll-free number—and informational advertising add to the price tag.

But while there are costs in establishing and operating a complaint management system, there also are

costs in failing to do so. Those costs can be summed up in two words: lost business.

Even without complaint management, some dissatisfied customers will remain loyal. And even when complaint management is available, some dissatisfied customers will desert anyway. But there is a portion of dissatisfied customers for whom complaint management will make a difference. Research suggests that the costs of complaint management generally are less than the costs of doing without.

There are two instances in which a company would have no need for complaint management. One is if the firm never made a mistake. Theoretically, "perfect" technology would produce "perfect" results, and no customer would even complain. The second instance is if the company knew with certainty that none of its competitors was taking any action to manage complaints. Human fallibility and business competition being what they are, neither instance is very realistic.

In virtually all other cases, it makes good sense to invest in complaint management. Some banks that did so scored a 170 percent return on their investment, according to a recent survey by the consumer affairs advisor to the President and members of the U.S. Consumer Affairs Council. For some companies in the packaged-goods industry, the figure was 75 percent, while some retailing firms reported a return on investment as high as 400 percent.

Complaint management will not provide the same degree of benefit to everyone. Research shows that complaint management has its greatest impact when the profit margin is high, the cost of providing compensation is relatively low, and the cost to the customer of a defective product is high. If any of these factors apply to your company, you would be well advised to facilitate the voicing of complaints to the fullest extent possible and to compensate generously. The

MARKET SHARE GAINS FROM COMPLAINT MANAGEMENT (1)

Industry	Fraction retained (2)	Number of competitors	Average market share without complaint management	Average market share with complaint management
► Eyeglasses	51%	8	12.5%	22.6%
► Tools	47%	12	8.3%	14.7%
► Floor coverings	33%	23	4.3%	6.3%
► Clothing	33%	39	2.6%	3.9%
► Blankets, sheets	19%	65	1.5%	1.9%

(1) Based on mathematical models used in research of complaint management.

(2) Percentage of complainants finding product satisfactory after compensation (based on research by A. Best and A.R. Andreasen, "Consumer Response to Unsatisfactory Purchases").

same is true if your company's products are of high quality and if customers are quality sensitive.

Even if a company has a monopoly, there are still advantages to complaint management. The system enables the firm to continue doing business with a sector of customers who would otherwise be lost—for example, customers who would consider pur-

chase of the product too risky without the safeguard provided by complaint management.

It also is true, however, that the farther a firm is away from a monopoly situation, the more attractive complaint management becomes as a way to retain customers. Customers with unresolved complaints usually have other places to take their business.

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*1987 Victorinox Swiss Army Knife Consumer Study, Overholser Associates, Inc. Copy upon request.

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The cost of getting new customers can far exceed the cost of keeping current ones.

In the case where a firm gets the jump on its competitors by introducing complaint management before them, the impact will be greatest in an industry with a limited number of players. Consumers in such an industry who wish to switch their patronage have relatively few alternatives, so one company can increase market share by attracting appreciable numbers of dissatisfied customers from other companies.

Not surprisingly, the establishment of complaint management often goes hand in hand with an increase in complaint volume. With an effective system in place, dissatisfied customers—who might have previously been silent deserters—start complaining.

Problems arise if the increased complaint volume is viewed as a negative by company personnel. Management may penalize employees for a surge in complaints—through unfavorable performance evaluations or lower executive bonuses, for example. When a company does that, emulating the Wicked Witch in her admonition against bringing "bad news," it undermines the program and denies itself a valuable resource.

Based on this research, companies should make it as easy as possible for customers to voice complaints. A higher volume of complaints can lead to increased sales and profits by enabling the company to retain rather than silently lose dissatisfied customers.

In addition, companies should create an incentive for managers to communicate the nature of complaints within the organization so that measures can be taken to avoid them in the future. Performance awards should not be given to employees for lowering the number of complaints, because that would encourage them to cover up or deliberately reduce the number of complainants. Instead, awards should be based on customer satisfaction surveys. □

Sales gains from incentive travel campaigns dipped this year, but costs have dropped too.

FACTS Survey

Incentive travel campaigns have born a little less fruit than last year—but are still inviting enough to yield an average 7.9 percent planned increase in spending by marketers before 1988 ends.

Surveyed executives told **Incentive** that they expect sales gains of 18.4 percent during travel campaigns this year. A similar survey last year found an average of 20.8 percent.

Users invested almost \$2.1 billion in moving their dealers, salespeople and other employees around the United States and the world in 1987 incentive programs—representing a 7 percent increase over the year before.

Sales-force incentive travel was the bigger growth area last year, showing a spending gain of 10.7 percent,

compared with dealers' 3.1 percent. But this year's forecasts have no such disparity, with sales travel expenditures up 7.7 percent and dealer incentives up 8 percent.

In both categories—sales and dealer incentives—the decline in results comes as no real surprise. Earlier surveys this year have shown both merchandise and travel promotions doing less well than a year ago. Sales incentive programs overall were reported yielding 19.7 percent, down from 20.9 percent a year ago. Dealer incentives brought an average of 16.2 percent, compared with last year's 18.4 percent.

The good news is that the cost of travel programs, which headed skyward a year ago, has leveled off. Last year's average trip cost 19 percent more than in 1986. Now the average per-person price has declined to \$1,611 from \$1,638. And the median has dropped to \$1,300 from \$1,400.

Although salespeople and dealers this year are delivering less in new volume, slightly more of them are actually qualifying for trip awards—37 percent, compared with 34 percent a year ago.

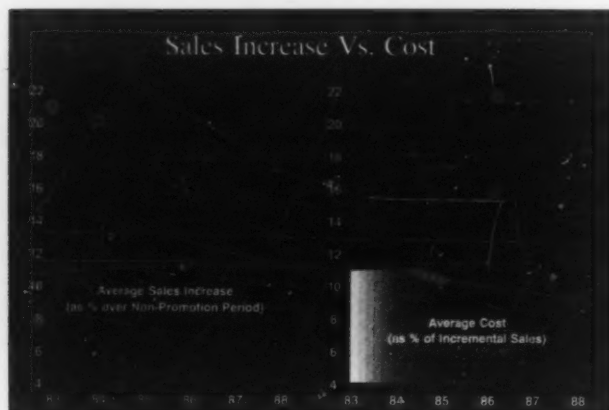
With sliding sales results and more winners, we might expect a rise in program cost relative to incremental sales. But the small drop in per-person trip cost has curbed that effect. The 233 survey respondents say they are spending an average of 10.4 percent of incremental sales—actually a shade lower than the 10.7 percent found in 1987. The median cost is 8 percent.

Balancing costs against sales projections, quotas and qualification is a tricky business. The main question is: Where does the money come from? The majority of 61 percent say they establish a special campaign budget in advance—allocating funds based on a variety of factors including estimated participation, trip cost, promotion cost and what can logically be expected in sales return. Another 18 percent use regular promotion funds—

usually so much per product unit—to cover the costs. The sales forecast is the key for 15 percent, who budget a percentage for the campaign. A minority of 6 percent relates the budget solely to projected incremental sales.

Most programs are open-ended, providing awards for all who reach stated qualifying levels. Seventy-two percent of users use this approach. The remaining executives run promotions with predetermined numbers of winners, which makes budgeting much easier but is likely to weaken the motivational benefits.

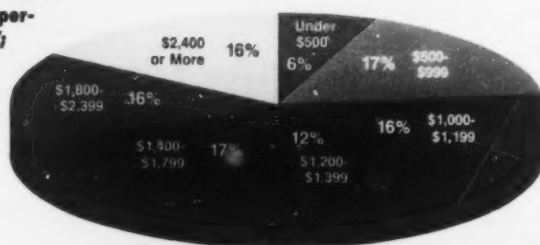
Budgets must be translated at some point into the language of



Expectations of sales gains from incentive travel programs declined 2.4 percent this year (top). Meanwhile, costs are down: The average per-person price fell by \$27; the median sank by \$100.

Cost of Incentive Trip

Per Person - 1988



Average - \$1,611

Median - \$1,300

TRAVEL FACTS IN BRIEF

► Programs per year (median)

Domestic: 2

Foreign: 1

► Group trips

Users: 64%

Average number of participants: 131

Median number of participants: 70

Average length: 5 nights

► Business meetings

Hold meetings: 62%

Average number of hours/trip: 9.5

► Buy-ins

Allow buy-in: 33%

Average of buy-in: 28%

► Merchandise

Users with travel: 48%

► Consumer travel

Users: 12%

Pay for it: 69%

Trade for it: 17%

► Decision-makers

President, executive VP, CEO: 70%

Director, sales/marketing: 23%

Product/merchandise manager: 3%

Director, advertising/sales

promotion: 3%

Meeting planner: 2%

qualification—quotas. Fifty-three percent of these users base their quotas for salespeople or dealers on the company sales forecast, which becomes a factor in setting the budget. Forty-one percent prefer to work back from the budget estimates, setting the individual quotas to fit. The remaining 6 percent use other methods or say they do not have quotas.

To evaluate results, 57 percent of

these marketers count the total units or dollars sold. But a substantial number—39 percent—look at the percentage of eligible people reaching their quotas. Smaller percentages prefer criteria that are probably more meaningful but more difficult to assess: increase in market share (27 percent) and profit on incremental sales (20 percent). About 12 percent measure the degree of branch or district

performance. The total exceeds 100 percent by quite a bit, because many users apply more than one measurement.

The length of the planning period ranges from a few weeks to two years, with an average of 39 weeks. The average selling period lasts 29 weeks.

A New England wholesaler with a six-figure travel budget starts planning two years ahead and finds a major problem in "having to guarantee travel and hotel arrangements so far in advance." An insurance-company vice president, who moves more than 200 people on four-day trips twice a year, starts planning 72 weeks ahead for a 64-week sales period. At that rate, he points out, "there is a problem having the same personnel on site during the meeting that you planned with 18 months before." A feed company plans a year ahead for its trips: With a 24-week selling period, an executive says, it is difficult to "know what the agriculture economy will be by the time you run your sales contest."



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Despite the uncertainties, travel can be worth the trouble because of its effect on participant morale and goodwill. After "increasing overall sales"—the front-runner at 70 percent—"improving morale or goodwill" is the second strongest objective, chosen by 51 percent of survey respondents.

In a similar survey on sales incentives in general, 39 percent found their programs effective in the morale/goodwill area. In an overall dealer incentive survey, only 21 percent considered it important.

Other objectives cited by these travel users are selling new accounts, 41 percent; introducing new products, 29 percent; moving full line or slow items, 26 percent; offsetting competition, 19 percent; bolstering a slow season, 16 percent; preparing for a strong season, 13 percent; building dealer traffic, 10 percent, and supporting consumer promotions, also 10 percent.

The participants who make these things happen are listed in eight categories in the survey. On average, the respondents direct their incentive

Top 10 Incentive Travel Users (1987)

Insurance	\$259,776,000
Electronics, Radio, TV	\$185,170,000
Auto Parts, Tires, Accessories	\$154,261,000
Automobiles & Trucks	\$137,147,000
Heating & Air Conditioning	\$109,879,000
Office Equipment	\$83,903,000
Farm Equipment	\$81,500,000
Building Materials	\$61,349,000
Electric Appliances	\$61,662,000
Toiletries & Cosmetics	\$51,677,000

Percentage of Field Represented By Top 10

65%

Travel Calendar



This year's "top 10" (above) resembles last year's. February climbed 9 percentage points to become the leading month for trip starts (below).

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■ DESTINATIONS

The most popular cities are listed in order of mentions.

► DOMESTIC (418 responses)

- 76 - HAWAII
Maui
Kauai
Honolulu
- 70 - CALIFORNIA
San Francisco
San Diego
Los Angeles
Palm Springs
Lake Tahoe
Anaheim
- 63 - FLORIDA
Orlando
Florida Keys
Boca Raton
Disney World
Ft. Lauderdale
Marco Island
- 24 - NEVADA
Las Vegas
Reno
- 21 - ARIZONA
Phoenix
Tucson
- 21 - NEW YORK
Manhattan
- 19 - LOUISIANA
New Orleans
- 14 - PUERTO RICO
San Juan
- 12 - TEXAS
Dallas
San Antonio
- 10 - TENNESSEE
Nashville
Memphis
Gatlinburg
- 8 - GEORGIA
Atlanta
- 7 - ILLINOIS
Chicago
- 7 - MASSACHUSETTS
Boston
Hyannis

- 7 - PENNSYLVANIA
Philadelphia
Lancaster
New Hope
Pittsburgh
Poconos
- 7 - SOUTH CAROLINA
Hilton Head Island
- 7 - VIRGIN ISLANDS
St. Thomas
- 5 - COLORADO
Denver
Vail
- 5 - D.C.
- 4 - MINNESOTA
Minneapolis
- 4 - VIRGINIA
- 3 - MISSOURI
Kansas City
St. Louis
- 3 - NEW JERSEY
Atlantic City
- 3 - WISCONSIN
- 2 - MICHIGAN
- 2 - NORTH CAROLINA
- 1 - ALABAMA
- 1 - ALASKA
- 1 - ARKANSAS
- 1 - DELAWARE
Wilmington
- 1 - IDAHO
Sun Valley
- 1 - IOWA
Lake Okosoji
- 1 - MISSISSIPPI
Biloxi
- 1 - NEW HAMPSHIRE
Dixville Notch
- 1 - OHIO
N. Canton

- 1 - OREGON
Portland

- 1 - VERMONT

- 1 - WASHINGTON
Seattle

- MISCELLANY
Resort weekends (1)
World Series (1)

► FOREIGN (271 responses)

172 - WESTERN HEMISPHERE

- 56 - MEXICO
Cancun
Acapulco
Puerto Vallarta
- 42 - CARIBBEAN
Jamaica
Antigua
St. Maarten
Aruba
Barbados
- 27 - BAHAMAS
Nassau
Paradise Island
- 18 - CANADA
Montreal
Toronto
Quebec
- 11 - CRUISES
Caribbean
Mexico
Mexico/Cayman Islands
Mexico/Jamaica/Cayman
Nassau/Jamaica/Cancun
- 7 - BERMUDA
- 4 - DOMINICAN REPUBLIC
- 4 - SOUTH AMERICA
- 3 - BRITISH WEST INDIES
Cayman Islands
- 68 - EUROPE
- 22 - ENGLAND
London
- 10 - FRANCE
Paris
- 8 - ITALY
Rome

- 8 - SPAIN
- 3 - SWITZERLAND
- 2 - GERMANY
- 2 - IRELAND
- 2 - SCOTLAND
- 2 - SWEDEN
- 1 - DENMARK
Copenhagen
- 1 - NETHERLANDS
Amsterdam
- 1 - PORTUGAL
Lisbon

- MISCELLANY
United Kingdom (4)
Mediterranean (2)

3 - AFRICA

- 1 - SOUTH AFRICA
- 1 - EGYPT
- 1 - CANARY ISLANDS

20 - FAR EAST

- 10 - HONG KONG
- 2 - KOREA
- 2 - THAILAND
Bangkok
- 1 - CHINA
- 1 - JAPAN
- 1 - PHILIPPINES
Manila
- 1 - SINGAPORE
- 1 - TAIWAN
Taipei

- MISCELLANY
Asia (1)

4 - SOUTH PACIFIC

- AUSTRALIA
- NEW ZEALAND

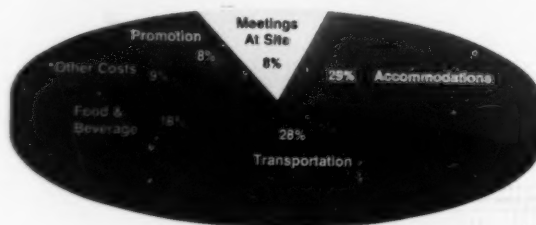
Respondents also reported six cruises to unnamed destinations, one trip around the world and one choice of any destination in the United States, Mexico or the Caribbean.

programs at two groups. Company sales personnel top the list at 71 percent. Retailers are the beneficiaries of incentive travel programs by 27 percent of users, followed by distributors at 24 percent. Independent sales representatives are targeted by 11 percent, direct selling people by 18 percent, dealer salespeople by 15 percent, nonsales employees by 15 percent and distributor salespeople by 13 percent.

Twelve percent of survey respondents said they use travel for consumer promotions. Of these, 67 percent said they pay for the travel awards, leaving only a minority who fund them through barter arrangements.

When we asked, "Do you accept guests other than spouses?" 74 percent said "yes" and 26 percent said "no." Of those who welcome non-spouse guests, 52 percent indicated that they allow guests of the same sex,

Where The Travel Budget Goes



*Includes Ground Transportation, Side Trips, Insurance, Entertainment, Etc.

36 percent checked "opposite sex," a few indicated both, and the rest did not answer.

Fewer in this year's survey are accepting outside planning help than in most studies in the past. Forty-six percent prefer using in-house staff to arrange incentive travel programs, 42 percent choose local travel agents, and 20 percent use full-service incentive houses.

Even with first responsibility in the house, one must rely on outsiders

for many aspects of the travel plan, and it proves vexatious to many. A California electronics firm has difficulty "getting suppliers and ground services to deliver exactly what they originally contract for."

A Massachusetts manufacturer works with an inside staff to set up trips to domestic destinations, with a \$100,000 budget. But he is frustrated trying to "find hotels that will treat a group of 50 to 100 people with the same attention and options as groups of 300 and greater. Most chain hotels won't do anything special for small groups."

An Ohio appliance executive stated his problem: "In a word, 'communication'—with the incentive house and/or travel agent to get the proper understanding of our needs. Too often, the incentive house/travel agent doesn't hear what we are saying. They want to do it their way for the obvious reasons: ease and greed." □

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INCENTIVE

MANAGING AND MARKETING THROUGH MOTIVATION

OCTOBER 1988

- ▶ **MOTIVATION A TO Z**
Guide to incentive applications
- ▶ **COMMUNICATION WITHIN**
Breaking down the barriers
- ▶ **TELEMARKETING BLUES**
Making a dull job fun
- ▶ **GRAND OPENINGS**
Hoopla isn't enough

Consumers in Uniform

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• A Promotion for N.Y. Cabbies

To make a lasting impression, Hotel Maxim's created a frequency campaign for drivers.

• Subscriber Freebies for All?

Some publishers use incentives for reluctant renewers.

• FSI Promotion Survey

• College Loans from Employers

Can the U.S. Chamber of Commerce lure new members by offering them student loans?

• Women: A Chance To Get Ahead

Clairol offers a unique award: mentors for women in business.

• Work Attitude Survey

Employees find little link between pay and performance.

• Even Uncle Sam Uses Merchandise

The Army tempts recruits with goods bought by taxpayers.

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Do yesterday's teens still hate vegetables and love rock music?



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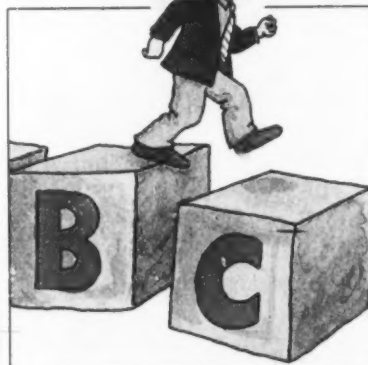
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Incentive/Managing and Marketing Through Motivation® (ISSN 0019-3364; USPS 799-880) is published monthly by Bill Communications Inc., 633 Third Ave., New York, NY 10017. Subscriptions: US/Canada—\$42, Foreign—\$65, Single Copies—\$3.50. December FACTS Issue—\$15. Copyright 1988 by Bill Communications Inc., all rights reserved. Postmaster: Send change of address to Incentive/Managing and Marketing Through Motivation, Circulation Dept., 110 N. Miller Rd., Akron, Ohio 44313. Second Class postage paid at New York, NY, and at additional mailing offices.

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Cover Photo: U.S. Army

INCENTIVE

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ABP



Nancy Evans, Doubleday

"Although Clairol only provides one formal meeting with the mentor, the goal of the program is to create a continuing relationship between aspirant and leader," says Radnovich. "It was made clear to the mentors that we were looking for someone to commit to this program and spend time with the winner."

Clairol is publicizing the contest through the 11 different trade associations and their publications.

Although the "bottom bottom-line goal" of the campaign is to boost sales, says Radnovich, Clairol has an interest in supporting women's goals

and achievements. It currently sponsors two other programs for women: a scholarship program for women over 30 who are returning to school and the "Take Charge Awards" for women who overcame obstacles and changed their lives after the age of 30. □

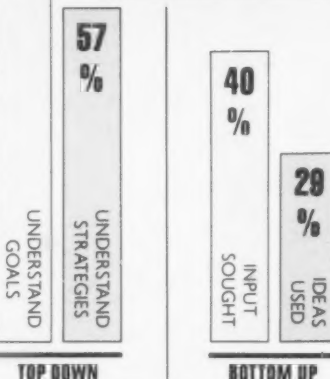
THE MISSING LINK: PAY & PERFORMANCE

Are you satisfied with your work? The Boston-based Wyatt Company, a benefits, compensation and communications consulting firm, asked that provocative question of 5,000 U.S. workers. The WorkAmerica survey, which covered all job levels and geographic areas, found that many employees see little connection between how well they work and how much they are paid. It also discovered that—except with compensation—women are more satisfied than men with their work lives.

Forty-six percent of employees and

71
%

COMMUNICATION



Most surveyed employees said that management adequately communicates its goals and strategies. But bottom-up communication is generally lacking: Only a minority said that managers seek their input or act on their suggestions.

38 percent of managers find "little link" between pay and performance. Almost half find that managers are "too tolerant" of poor performers. Just 29 percent believe that the most competent people in their workplace are promoted. Those who have

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OCTOBER 1988

worked longest in one company are the most cynical about the merit-promotion link, the survey found.

Performance reviews are considered "fair" by a majority of respondents, but less than half feel that the reviews they receive help them improve their job performance.

The survey report suggests that "incentive programs, gainsharing and profit sharing are some of the



methods that can be part of the answer" to these problems.

Other findings: While five in 10 men feel satisfied with their pay, only four in 10 women are similarly content. According to the survey, nearly 70 percent of men feel they are fairly paid, while only 60 percent of women believe their earnings are equitable.

But women report higher levels of satisfaction with nearly every other aspect of their work lives. Over 50 percent feel their performance appraisals have improved their job performance—versus 40 percent for men. And 45 percent of the women expressed confidence in their long-term job security, while only 35 percent of men are so sure. Women also rate the quality of management, supervision, work priorities and scheduling in their workplaces more highly. □

EVEN UNCLE SAM USES MERCHANDISE

"Uncle Sam Needs You" is the message of the Army's 35 annual direct-mail campaigns. And as in many businesses, incentives play a part in the Army's efforts to stir interest and response among potential recruits—primarily 17- and 18-year-olds. "Our response rate quadruples when we use premiums," said Lieutenant Colonel John Cullen, chief of public affairs for the Army Recruiting Command in Fort Sheridan, Ill.

The Army's promotional mailings entice candidates to write in for more